# Daily Report

# Latin America

FBIS-LAT-93-235
Thursday
9 December 1993

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## Latin America

*FBIS-LAT-93-235* *9 December 1993*

CONTENTS

**NOTICE TO READERS:** An • indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

**INTER-AMERICAN AFFAIRS**

Venezuelan President-Elect Receives Congratulations *[Hamburg DPA, etc.]* ..... 1

**CARIBBEAN**

**Cuba**

Raul Castro Speech to Veterans Association *[Havana TV]* ..... 2
Vice President of Veterans Association Comments *[Havana Radio]* ..... 5
Gonzalez-Clinton Discussion on Blockade Noted *[Havana Radio]* ..... 5
UN Decision on Human Rights Rapporteur Viewed *[Havana Radio]* ..... 5
Crombet Addresses Conference of European Deputies *[Hamburg DPA]* ..... 5
Lage Explains Goals *[Havana Radio]* ..... 6
Agriculture Minister on Guantanamo Crop Recovery *[Havana Radio]* ..... 6
Legal Agreement Signed With Spain *[Havana Radio]* ..... 7
Lage: Bloated Personnel Rosters To Be Adjusted *[Havana Radio]* ..... 7
New Payment System Announced, Described *[Havana Radio]* ..... 8
Criminal, Judicial Action Reported 2-8 Dec *[Havana Radio, TV]* ..... 8

**MEXICO**

Democratic Party Changes Name, Elects Presidential Hopeful *[Mexico City TV]* ..... 9
PRI Presidential Hopeful Colosio Discusses Social Reforms *[Mexico City TV]* ..... 9
Officially Accepts Nomination *[NOTIMEX]* ..... 9
New Deputy Foreign Secretary Appointed *[Mexico City TV]* ..... 10
Roundup of Economic Developments 7 Dec *[NOTIMEX, etc.]* ..... 10
Commerce Secretary Endorses Positive End to GATT Talks *[NOTIMEX]* ..... 10
• Carpizo Cites Diminished Congresses, Courts *[LA JORNADA 6 Nov]* ..... 11
• Varying Accounts of Chiapas Social Unrest ..... 12
• Armed Groups Noted *[LA JORNADA 2 Aug]* ..... 12
• Official Document Quoted *[PROCESO 23 Aug]* ..... 13
• Testimony of Jesuit *[PROCESO 13 Sep]* ..... 15
• Anti-Evangelical Actions *[PROCESO 13 Sep]* ..... 19
• Church Role Denied *[PROCESO 20 Sep]* ..... 21

**CENTRAL AMERICA**

**Belize**

Prime Minister Says Conspiracy To Oust Him Exists *[NOTIMEX]* ..... 24

**Costa Rica**

Roundup of Economic Developments 7 Dec *[LA REPUBLICA 23 Nov, etc.]* ..... 24

### El Salvador

UN Announces Commission To Probe Death Squads *[ACAN]* ..... 25
Cristiani: New Commission, Slain Officers, Escobar Family *[San Salvador TV]* ..... 25
Swears In Investigative Commission *[San Salvador Radio]* ..... 26
Roundup of Economic Developments 7 Dec *[San Salvador Radio, etc.]* ..... 26

### Guatemala

De Leon Carpio Vetoes 1994 Budget *[Guatemala City TV]* ..... 27
Roundup of Economic Developments 8 Dec *[SIGLO VEINTIUNO 30 Nov, etc.]* ..... 28

### Honduras

Roundup of Economic Developments Through 7 Dec *[LA TRIBUNA 2 Dec, etc.]* ..... 28

### Nicaragua

Roundup of Economic Developments 7 Dec *[NOTIMEX, etc.]* ..... 29
* Commentary Warns Against Split in FSLN *[EL NUEVO DIARIO 11 Nov]* ..... 29
* Consensus Building Within FSLN Recommended *[BARRICADA 10 Nov]* ..... 30

### Panama

Four Opposition Parties Announce Formation of Alliance *[LA PRENSA 8 Dec]* ..... 31
Roundup of Economic Developments 7 Dec *[EL PANAMA AMERICA 30 Nov, etc.]* ..... 31

## SOUTH AMERICA

### Argentina

Gov. Duhalde Says Menem-Alfonsin Pact 'Not Sincere' *[NOTICIAS ARGENTINAS]* ..... 33

### Bolivia

Official Announces Extension of Trade Agreement With Peru *[La Paz TV]* ..... 33

### Brazil

Franco Signs Decree Creating Anticorruption Commission *[O GLOBO 7 Dec]* ..... 33
PLO Leader Qaddumi Meets President Franco *[Brasilia Radio]* ..... 33
Daily Advocates Constructive Study of U.S. Proposal *[O ESTADO DE SAO PAULO 6 Dec]* ..... 34
Deadline for Constitutional Amendment Proposals Extended
*[O ESTADO DE SAO PAULO 8 Dec]* ..... 34
Culture Minister Resigns; Controversy Over Plan Decreases *[Rio de Janeiro TV]* ..... 35
Sao Paulo, Cuba Sign Technical-Scientific Exchange Accord
*[O ESTADO DE SAO PAULO 6 Dec]* ..... 35
Obstacles to Agreements With Russia Noted *[O ESTADO DE SAO PAULO 5 Dec]* ..... 36
Government-Congress Negotiations on Economic Plan Viewed
*[O ESTADO DE SAO PAULO 8 Dec]* ..... 36
Risks, Difficulties of Economic Plan Discussed *[O ESTADO DE SAO PAULO 8 Dec]* ..... 37
Congress Opposes Tax Increase, Expected To Approve Cuts
*[O ESTADO DE SAO PAULO 8 Dec]* ..... 38
Military Ministers Oppose Budget Cuts *[O ESTADO DE SAO PAULO 8 Dec]* ..... 38

### Chile

Presidential Hopeful Frei Interviewed *[LA TERCERA DE LA HORA 28 Nov]* ..... 39

## Colombia

Gaviria Vows To Continue Fight Against Drug Cartels *[Santa Fe de Bogota TV]* ..... 41
Medellin Cartel Members Moved to Bogota Amid Plot Rumors *[Santa Fe de Bogota TV]* ..... 42
ELN Leader Galan Transferred to Military Garrison *[Santa Fe de Bogota TV]* ..... 42
Ω **Pastrana Holds Rally, Responds to Critics** *[EL ESPECTADOR 14 Nov, etc.]* ..... 42
* Commentary Views Samper's Attacks on Pastrana *[EL TIEMPO 14 Nov]* ..... 43
Inflation Target Not To Be Met for 1993 *[Santa Fe de Bogota TV]* ..... 44
* ELN Summit Addresses Finances, Internal Divisions *[EL TIEMPO 7 Nov]* ..... 44
* Economic Associations Outline Concerns ..... 47
  * Restraint Urged *[EL ESPECTADOR 2 Nov]* ..... 47
  * Hommes Responds *[EL ESPECTADOR 3 Nov]* ..... 48
* Social Security Reform Bill Enters Final Stage ..... 49
  * Chamber Begins Review *[EL TIEMPO 12 Nov]* ..... 49
  * Criticism of Cost *[EL TIEMPO 13 Nov]* ..... 50

## Ecuador

Roundup of Economic Developments 7 Dec *[Quito Radio, etc.]* ..... 50

## Peru

Roundup of Economic Developments 7 Dec *[AFP, etc.]* ..... 50
* Jurist Ties Foreign Investment to Independent Judiciary *[EL COMERCIO 24 Oct]* ..... 51
* Opposition Leaders Stress Need for Economic Reforms *[LA REPUBLICA 2 Nov]* ..... 52
* New Constitution Explained, Compared to Old *[EL COMERCIO, 1 Nov]* ..... 54

## Uruguay

Lacalle's Visit to PRC Will Strengthen Bilateral Trade
*[EL OBSERVADOR ECONOMICO 30 Nov]* ..... 57

## Venezuela

CSE Issues 5th Bulletin; CSE President Interviewed *[Caracas Radio, TV]* ..... 58
Radical Cause Candidate Discusses Presidential Race *[Caracas Radio, TV]* ..... 58
Roundup of Economic Developments 7 Dec *[EL GLOBO 28 Nov, etc.]* ..... 59
Foreign Trade Institute Official Remarks on G-3 Agreement *[Caracas TV]* ..... 60

## Venezuelan President-Elect Receives Congratulations

*PA0812181293*

[Editorial Report] The following is a compilation of reports on congratulatory telephone calls and messages from Latin American leaders and officials to Venezuelan President-elect Rafael Caldera between 5 and 8 December from regional sources monitored by Panama Bureau. Sourceline is cited in parentheses after each item.

### COLOMBIA

The Venezuelan news media, citing Foreign Ministry sources, report that Colombian President Cesar Gaviria made two telephone calls to Rafael Caldera from Chile on 6 December congratulating him on his election victory. (Hamburg DPA in Spanish 1610 GMT 7 Dec 93)

### COSTA RICA

Acting Costa Rican President German Serrano on 7 December said he is pleased with the Venezuelan people's election of Rafael Caldera as president. He said, "Caldera is a man of solid social Christian beliefs," who proved his ability as a statesman during his previous administration. (Panama City ACAN in Spanish 1742 GMT 7 Dec 93)

### CUBA

Cuban President Fidel Castro on 7 December sent a written message of congratulations to Venezuelan President-elect Rafael Caldera. (Hamburg DPA in Spanish 1710 GMT 7 Dec 93)

Cuban Ambassador to Venezuela Norberto Hernandez Cordelo on 6 December met in Caracas with Venezuelan President-elect Rafael Caldera. Hernandez congratulated Caldera for his almost certain victory in the 5 December elections. (Havana Radio Havana Cuba in Spanish 1300 GMT 7 Dec 93)

### ECUADOR

Ecuadoran Foreign Minister Diego Paredes said on 7 December that the Ecuadoran Government is profoundly satisfied with the 5 December elections in Venezuela, which have strengthened the country's democracy and legal institutionality. Paredes said the elections "constitute new proof of the Venezuelan people's civic maturity." Paredes added that Rafael Caldera is among Latin America's most well-known contemporary figures, not only as a politician but as a thinker and essayist. (Paris AFP in Spanish 0130 GMT 8 Dec 93)

### EL SALVADOR

President Alfredo Cristiani on 6 December congratulated Rafael Caldera. He said, "It is a positive sign that this Latin American democracy's crisis was resolved through the mechanisms established by democracy itself," alluding to the recent institutional crisis that led to the ouster of former President Carlos Andres Perez on corruption charges. (Paris AFP in Spanish 2011 GMT 6 Dec 93)

### GUATEMALA

Guatemalan President Ramiro de Leon Carpio on 7 December praised the election of Rafael Caldera as president of Venezuela, saying the people voted in favor of honesty and against corruption. De Leon said, "The people are no longer able to continue accepting corruption." (Panama City ACAN in Spanish 2030 GMT 7 Dec 93)

### MEXICO

Mexican President Carlos Salinas de Gortari on 7 December congratulated Venezuelan President-elect Rafael Caldera by telephone. (Mexico City XEW Television Network in Spanish 0430 GMT 8 Dec 93)

### NICARAGUA

Former Nicaraguan President Daniel Ortega on 7 December congratulated Rafael Caldera for his virtual victory in the 5 December elections in Venezuela. Speaking on behalf of the Sandinist National Liberation Front, Ortega said, "From Sandino's people, you have our best wishes for peace and stability for Bolivar's people." (Panama City ACAN in Spanish 1353 GMT 7 Dec 93)

### PANAMA

Panamanian President Guillermo Endara on 6 December congratulated the Venezuelan Government and people for Sunday's elections. Endara said, "Today our isthmus welcomes as the best of news the victory of democracy in Venezuela and the strengthening of a great hope." (Panama City ACAN in Spanish 2210 GMT 6 Dec 93)

### PERU

Alfonso Bustamante, president of the Peruvian Council of Ministers, on 7 December expressed satisfaction over Rafael Caldera's election to the Presidency of Venezuela because, he said, it proved the country was able to overcome a "traumatic process." (Paris AFP in Spanish 2047 GMT on 7 Dec 93)

## Cuba

### Raul Castro Speech to Veterans Association

*FL0812185693 Havana Cuba Vision Network in Spanish 0221 GMT 8 Dec 93*

[Speech by Raul Castro, minister of the Cuban Revolutionary Armed Forces and second secretary of the Communist Party of Cuba, at the founding conference of the Association of Veterans of the Cuban Revolution at the Havana Convention Center on 5 December—recorded]

[Text] [Castro] At long last we are going to declare established the Association of Veterans of the Cuban Revolution [ACRC]. In other countries there are associations of former soldiers, war veterans, in some cases of wars that were unfair, of aggression against the peoples, of conflicts between the interests of an imperialist country or bloc of countries. It never seemed right to us to organize an association of veterans of a rebel army that was disintegrated upon completing its most recent war of liberation, as the U.S. occupation troops did with the Mambi Army. Our Rebel Army remained organized as the armed wing of revolutionary transformation and increased its active members by tens of thousands of youths in order to create powerful Armed Forces capable of defending the fatherland, [words indistinct], and the entire militia of the people against the aggressions of imperialism.

Let us remember Comrade Fidel's address to the First Communist Party of Cuba [PCC] Congress in 1975 [words indistinct] the Rebel Army was the soul of the Revolution. Likewise, thousands of clandestine members of the 26 July Movement, People's [word indistinct], and the 13 Marzo Students Directorate faced tyranny and contributed to the triumph of the Rebel Army. [Words indistinct] the ranks of the Revolutionary Armed Forces [FAR] and the Interior Ministry [Minint] [words indistinct] the economic activities and the political and mass organizations created through the years.

Neither then nor now can we speak of former soldiers when so many battles remain to be waged, when so many battles, perhaps the most difficult ones, remain to be waged now and in the future. There is something else we have to meditate on. If we had created the ACRC 30 years ago, how many members would there be? A few thousand, the immense majority young. However, today we can create the ACRC with over 300,000 members.

A true revolution of the people, such as ours, can be initiated and promoted by a few hundred or thousand predecessors; but it can develop and triumph against so close and powerful an enemy only if it is capable of becoming one with the masses, of earning the support, following, and affection of millions of people.

The path of the Revolution itself, the outstanding work of transformation and creation pointed out in the central report, the difficult struggles and the feats of giants that have been necessary in these three and a half decades increased the ranks of the initial soldiers. A new generation assumed the duty of supporting its victorious Revolution; strengthened its ranks with militant commitment; engaged in each and every task, no matter how difficult; fulfilled the promise of the illiteracy campaign; created Committees for the Defense of the Revolution in every block; joined the militia, the FAR, or the Minint; and carved itself a niche in the trenches of the defense of our land every time the imperialist enemy threatened with imminent aggression. It crushed the Bay of Pigs mercenary invasion under the recently unfurled flag of socialism; it supported agrarian reforms and the nationalization of land, mining rights, and the entire wealth of the country in foreign hands; it rescued the capitalist enterprises that then became part of the patrimony of the people; and it supported other revolutionary laws.

[Passage indistinct] during the October crisis, joined the units to fight bandits and eliminated the counterrevolutionary bands from the savannas and mountains of the fatherland. I have mentioned only a few of the feats of our people beginning 1 January 1959. [Words indistinct] to include all of them in a few words. However, it would be a sin to omit the feats of labor: the people's harvests; the sacrifices of our billionaire sugarcane cutters; the dedicated mobilization of the entire people to agriculture, year after year for more than three decades; the voluntary work [words indistinct] the creation of the construction minibrigades and the contingents under Fidel's leadership, with elevated discipline [words indistinct] our scientists whose discoveries play an important role in the development of the country. They were guided by the example of the historic generation of the centennial, which we usually called the intermediate generation: a generation comprising millions of men and women of the people who have written pages of revolutionary sacrifice, valor, and conviction worthy of the lives lost in the Moncada attack, the epic trip of the yacht Granma, the clandestine war, the Sierra Maestra struggle, and the fronts created in those mountains under the guidance of our commander in chief.

An even younger generation is now also joining the ACRC in great numbers. I am referring to the internationalist soldiers. There are white-haired men in the ranks of the internationalists and a few tens of veterans of the Spanish Civil War. [Passage indistinct] who, while very young, participated in the sixties in our first solidarity mission in Algeria, Congo, Brazzaville, Cabinda, Zaire, Guinea-Bissau, Syria, and other brother countries. However, the immense majority of the hundreds of thousands of soldiers who, up to the beginning of this decade, fulfilled missions in Angola, Ethiopia, Congo, and Nicaragua, were youths barely in their twenties, born after the January 1959 triumph. In other words, the youngest generations to [words indistinct] between 25 and 35 years of age. How much historic heritage this young blood joins with reserves of energy and decades of future life projecting to the next century, the third millennium of our work. [as heard] They project our work into the next century, but its deepest roots are to be

found in the last century and its history. The central report has managed to summarize with scientific rigor the [words indistinct].

The ACRC is a strong and healthy tree fertilized by the blood of hundreds of thousands of Cubans who gave their lives in Jimaguayu and San Lorenzo, in Dos Rios [words indistinct], in the streets of Mexico and El Morrillo, in the [words indistinct], in Manzanillo train station, in #7 Humboldt, in El Muro alley, the Bolivian Andes, in Ethiopia, in Humboldt, in Cuito-Cuanavale [words indistinct]. In this lies the essence of the ACRC, in the historic continuity of patriotism, the rebellion of the sons of Cuba against oppression, their valor, their heroism, their generous solidarity, their loyalty to Jose Marti's doctrines and the thinking of all men who throughout the world have defended the people's liberty, as Fidel once mentioned.

We need to stress the following: We decided to create the ACRC with those comrades who have participated in significant actions of confrontation against the enemy in the last six decades and who maintain a firm stand with their Revolution: those who took up arms, courageously risked their lives, and defied the terror of tyranny in the mountains and savannas of our island, in the trenches, in the clandestine hideout; those who defeated the Bay of Pigs mercenary invasion and the subversion of counter-revolutionary bandits; those who have kept the father-land's vigil in the Armed Forces institutes, the FAR, and the Minint for over two or more decades and who are today either active or retired; those who have gone to remote lands to fight alongside brother peoples for the cause of liberty and the relatives of fallen soldiers in these missions.

This selection has resulted in a total of over 300,000 comrades. We are aware that [words indistinct] there are millions of men and women willing to fight in defense of the fatherland, the Revolution, and socialism in the trenches if it becomes necessary, willing to direct their work [words indistinct] many institutions and organizations that comprise these millions of comrades. First of all the PCC, the leading force of our society [words indistinct], the Union of Young Communists [UJC] with approximately 500,000 members, our Territorial Troops Militia [MTT] and Production and Defense Brigades with their millions of members, [words indistinct] mass organizations, the CDR [Committee for the Defense of the Revolution], the Federation of Cuban Women [FMC], the National Association of Small Farmers [ANAP], the Federation of Secondary School Students [FEEM], the Federation of University Students [FEU], [words indistinct] the Pioneers. Also the writers and artists, journalists, scientists, and other sectors have their own social organizations.

However, [words indistinct] should allow the possibility of membership and above all, [words indistinct] who in the future would join its ranks. The growth of its ranks will match the firmness and heroism demanded by challenges currently being faced by our people.

We all know that the Revolution is facing difficult times. We are all experiencing and are burdened by the severity of the special period. We are all aware of the fact that the people of the world know the most dramatic moments of this century [words indistinct] European socialist bloc and the USSR represented a necessary balance in the current world. Today we live in a unipolar world in which the United States proclaims itself the world's gendarme and wants to impose its law and its extraterritorial domination on all the countries, disregarding the principles of international law, considering the sovereign rights of other nations as well as their rights to self-determination to be obsolete, turning the UN Security Council into a mere observer, deaf, dumb, accomplice, and docile instrument of its aggressions against the peoples.

As a result of this policy, as a result of being the world's sheriff [preceding word in English], the superpower recently received an unexpected and unpleasant lesson [words indistinct] that this small island located near its coast, in the past century foiled its perverse plan for annexation. They will never forgive us the fact that Jose Marti, that giant of thought and revolutionary action, denounced before the world the greedy and expansionist essence of the newly born U.S. imperialism. They will never forgive us for Jose Marti's denouncing their voracity toward Cuba and Puerto Rico as entries into our America, and for organizing [words indistinct] and annexation by means of a purchase and accords.

They will not forgive us the fact that in 1959 Cuba, under Fidel's leadership, broke for all time the neocolonial chains imposed during the military occupation. They will not forgive us for stopping their exploitation of our national resources and they will not forgive us for choosing socialism as the way to achieve the full independence, development, justice, and wellbeing of our people, once we were full owners of our future. This is the basis for the historic difference between the United States and Cuba.

Cuba neither threatens U.S. security nor is it attempting to change the North American social regime. This is a matter that pertains to its people and no one else. However, Cuba will never accept its meddling in our sovereign affairs. We can coexist on the basis of equality and respect between two independent and sovereign states; we can establish normal relations; we can even cooperate, because we are their neighbors, in matters of mutual interest and benefit. The U.S. economic, commercial, and financial blockade against Cuba [words indistinct] now heightened is illegal and criminal. It violates international law and free navigation laws. [Word indistinct] one way or another, all the countries of the world voting at the General Assembly or refusing to support them, despite Washington's pressures. Some day, such an immoral and [words indistinct] will have to be abolished. With or without the blockade Cuba will resist, will develop, and will win. [applause]

We do not have the slightest doubt that under the leadership of the PCC and our commander in chief, together with all the Cuban patriots, the ACRC will be in the vanguard in that struggle. [applause]

[Passage indistinct] This flame of hope of the peoples will never go out as long as there is a Cuban with the strength to keep it alive.

Comrades, [words indistinct] Fidel's paramount speech on 26 July in Santiago de Cuba during the PCC Provincial Assembly, which you heard and which we recommend that you read [words indistinct] in the pressing problem of the economic difficulties we endure, or on other vital issues of Cuba's and the world's current situation. The plenum of the Central Committee of the PCC and the National Assembly of the People's Government will continue the discussion of these issues during this month of December.

In the midst of this complex and difficult situation, so filled with danger, the ACRC was created. For what? To defend the Revolution in all fields, unconditionally. How will every member of the ACRC perform his duty? Perhaps by duplicating the tasks that are currently contained in the agendas of other institutions and organizations? No. As has been stressed in the provincial and municipal conferences, our duty is to work so that on every front and in every task of the Revolution, ACRC members become the first and lead by example. Every ACRC member ought to be an outstanding worker in his place of work, an active member of his CDR and Rapid Response Detachment, an enthusiastic participant in voluntary work, according to one's age and ability, of course—members in their twenties and members in their eighties.

[Words indistinct] ACRC members should be exemplary family members, [words indistinct] the Unified Vigilance and Protection System in the places where he lives and works or may find himself—in the bus line or store queue, at the movies or in the park—that he be a firm defender of the Revolution, capable of explaining the facts to those who are confused as well as those who criticize the Revolution. An ACRC member should not passively watch a crime, but should fight and prevent it. If he can confront crime with the help of other honest men and women and the proper authorities, so much the better; however, if circumstances force him to act alone or at a disadvantage, he should not hesitate and should take the risk with the dignity and skill of a veteran of the Cuban Revolution. He should always be ready for the struggle and for any mission the Revolution might assign to him.

Membership in the ACRC is voluntary. We do not have [words indistinct] but much work. We tell every member what Marti told Gomez when asking him, on behalf of the party, to assume the leadership of the Liberation Army: I ask of you this new task, without fear of your rejecting me. Today, when I have no other remuneration [words indistinct] than the probable ingratitude of men.

The ACRC has a unique role. I am referring to its infinite possibilities in the patriotic, military, and internationalist education of our people, particularly the younger generation. We have to bear in mind the historic role played by ACRC members during the most diverse stages of the revolutionary struggle in the second half of this century.

This allows ACRC members to contribute not only their example and experience but also their firmness, discipline, and confidence of victory in confronting any new challenges we might have to face. This is correctly expressed in the work goals approved: Political and ideological work is a top priority task for our organization, for every base-level association, and for every unit, as is properly honoring our beloved historic heritage and continuing to enrich it in the struggle we wage today. As the central report so well states, this should be our daily work.

Comrades, not by chance did we select 7 December to create the ACRC—the anniversary of the death in combat of General Antonio Maceo y Grajales. Maceo is the loftiest soldier of the Cuban Revolution, the most exalted example to be followed by each of us with the modesty of knowing that we will never be able to attain that zenith of heroism, his tenacity, his discipline, his honor, and his dedication to the cause of national independence, but with the private and tacit goal always of following, step by step, from day to day, the ascending path he marked in our history, through the way he opened with the strength of his arm and sealed with his blood from one end of our land to the other [words indistinct], with the goal of being always a disciple of his honorable [words indistinct].

Maceo taught us to make national independence the supreme reason for life: Never hesitate against the enemy on any field, under favorable or unfavorable combat conditions, no matter how uneven or dangerous the struggle. He taught us always to place the interests of the redeeming Revolution above all else, to reject pettiness, to forget bitterness and intrigues against oneself in order to promote the unity of patriots, to endure firmly all the sufferings imposed by the struggle, not to accept anything, even that held most dear—the liberty of Cuba—if with it comes dishonor. He taught us, faced with the enemy's offer to relinquish the struggle in exchange for 1,000 ounces of gold [words indistinct] with his family to the port and country of his choosing as proposed by (Palma Seda) in 1870, categorically to reject such [word indistinct] offer and to hang the messenger [words indistinct].

[Passage indistinct] to make pain a stimulus for the battle even if it is the deepest pain of seeing his father and brother after brother die on the battlefield, to see his youngest children die in the unforgiving jungle, to see the death of his mother far from Cuba, to see [words indistinct], to endure such an immeasurable pain as that he expressed in a letter regarding the deaths of his parents and the Zanjon treason. [Words indistinct] his

unbreakable commitment to continue the struggle to victory or death, to fight regionalism, indiscipline, anarchy, and demagogy, to maintain and demand from subordinates respect and obedience in arms to the institutions of the Republic, to make law and honor the guiding light, to assume willingly the tasks assigned as long as one can serve the nation.

He was promoted from soldier to sergeant on 12 October 1868. [Passage indistinct] in the battles at El Cristo and El Cobre. He was promoted to commander in January 1869 for his courage at the Cauto's edge in defense of Bayamo. He was promoted to lieutenant general [passage indistinct]. Maximo Gomez appoints Maceo colonel and commander in chief of the Guantanamo region in 1871. [words indistinct] extraordinary feats and several injuries. In June 1873, President Cespedes himself, who has seen Maceo fight like a lion in Rejondon de Baguan, Los Pases, and El Zarzal, appoints him brigadier general. On 6 May 1877, the Chamber of Representatives appoints Maceo major general. At this point, he is already the most experienced and legendary of the Cuban generals still in the brush, the one most feared by enemy leaders, outdone only by his teacher Maximo Gomez.

In this manner, step by step, through effort and blood, with total dedication to the struggle and without ever demanding rank and position, Maceo is promoted within the Liberation Army. This is another immortal lesson we should never forget.

Although current difficulties or those that may come in the future [words indistinct] unlimited fidelity to the fatherland [words indistinct]. [Final nine minutes of speech indistinct]

### Vice President of Veterans Association Comments

*FL0812171593 Havana Radio Progreso Network in Spanish 1200 GMT 8 Dec 93*

[Excerpts] The ceremony of official presentation of the Association of Veterans of the Cuban Revolution was presided over by Commander in Chief Fidel Castro and Army General Raul Castro, who are, respectively, first and second secretaries of the Communist Party of Cuba [PCC]. [passage omitted]

Commander Juan Almeida Bosque was elected president of the association. Division General Ulises Rosales del Toro was chosen first vice president; Division General Carlos Fernandez Gondin, vice president; and Vice Admiral Aldo Santamaria Cuadrado, vice president and executive secretary. [passage omitted]

[Gen. Fernandez Gondin] said the new institution has over 300,000 men and women members of the Rebel Army and the clandestine and antibandit struggle, participants in the Bay of Pigs victory, and people who gave their lives to the FAR [Revolutionary Armed Forces] and the Minint [Ministry of Interior] for over 20 years. He highlighted the support provided by the PCC, the UJC [Union of Young Communists], and other organizations in creating the association, which has 8,152 base-level organizations. [passage omitted]

### Gonzalez-Clinton Discussion on Blockade Noted

*FL0812133993 Havana Radio Rebelde Network in Spanish 0000 GMT 8 Dec 93*

[Text] Spanish Prime Minister Felipe Gonzalez this evening said that the U.S. authorities seem to be prisoners of their own policy regarding the situation in Cuba. In statements made during a news conference held at the Spanish Embassy in Washington on the last day of his official visit to the United States, Gonzalez said that, in his opinion, the economic blockade imposed by the United States against Cuba has not yielded the results expected by Washington. During his talks with U.S. President William Clinton, the Spanish prime minister talked about the existence of a different outlook of the elements that could help the Cuban Revolution. There are times in politics when one becomes prisoner of one's own policies, Felipe Gonzalez said in referring to the subject.

### UN Decision on Human Rights Rapporteur Viewed

*PA0812131693 Havana Radio Havana Cuba in Spanish 1300 GMT 7 Dec 93*

[From the "Morning Information Review"]

[Text] Cuba has denounced at the United Nations the discriminatory and selective mechanism imposed by the United States on the international organization to adopt a resolution against that Caribbean island. A UN commission has approved a U.S. resolution urging the Cuban Government to cooperate with the special rapporteur appointed to investigate alleged human rights violations in Cuba by a vote of 64 in favor, 18 against, and 54 abstentions.

Cuban Representative Juan Antonio Fernandez reiterated that the delegations that participated in the decision know that the alleged human rights violations in Cuba are part of the policy of aggression the United States has maintained for decades against the island.

Fernandez said that the so-called rapporteur imposed by the United Nations was unable to demonstrate the existence of massive and flagrant human rights violations in Cuba that justify that official's very existence.

### Crombet Addresses Conference of European Deputies

*PA0912003093 Hamburg DPA in Spanish 0108 GMT 7 Dec 93*

[Text] Havana, 6 Dec (DPA)—Cuban and European parliamentarians began here today a conference on cooperation and investment prospects in Cuba that promises controversial debates.

The conference, entitled "Cuba in the Nineties: Its Reintegration Into the International Economy and the Role of Europe," is sponsored by the Institute for European-Latin American Relations [Irela] in Madrid and the Center for European Studies in Havana.

According to a source from the organizing committee, 19 European deputies, five government officials, and four state officials are attending this five-day meeting, which is being held virtually behind closed doors.

Irela Director Wolf Grabendorff announced that the media would be allowed only at the inauguration and the 10 December closing ceremony, which will be presided over by Ricardo Alarcon, president of Cuba's National Assembly and former foreign minister.

During his inaugural speech, National Assembly Vice President Jaime Crombet referred to the meeting as "a significant step for the benefit of bilateral relations."

Crombet stated: "We believe Europe can play a major role in this process, and in fact it has gradually become the leading commercial partner and investor in Cuba, with obvious mutual benefits."

After acknowledging that 1993 has been a "particularly critical year for Cuba," Crombet said that a stricter blockade and the loss of markets and a steady supply of fuel, raw materials, and replacement parts have made the situation worse. To this he added losses totalling $1 billion due to bad weather.

Fernando Suarez Gonzalez, president of the European Parliament Commission for Relations with Central American Countries and Mexico, said: "We came to listen, think, and freely express our views with the best intentions."

Suarez Gonzalez, who admitted to the media that the human rights issue has delayed the signing of a cooperation agreement between Cuba and the European Union, added: "We are all moved by a desire for understanding."

Responding to Suarez Gonzalez' speech, Cuban Foreign Minister Roberto Robaina noted that his country will maintain a foreign policy based on the sovereign equality of all nations, large and small.

Robaina said in a special intervention that Cuba will appeal to the world's conscience to make it understand "how unproductive and cruel" the U.S. blockade is.

Later, Suarez Gonzalez clarified at a news conference that the human rights issue is a new condition that for years has delayed a resolution for the signing of agreements with any nation.

Suarez Gonzalez implied that the human rights issue will be one of the most controversial points on the bilateral agenda, although he stated that the European Union will listen to the opinions of Cuban authorities on this topic and other internal matters of the island. He stressed that, despite this hitch, Europe gave over $12 million in aid to Cuba in 1993 through various nongovernmental humanitarian organizations such as Caritas and the Red Cross.

Suarez Gonzalez, who conceded that Europe has human rights problems, too, asserted: "During this conference we will discuss the conditions and the situation in Cuba as a whole."

### Lage Explains Goals

*FL0812152193 Havana Radio Progreso Network in Spanish 1200 GMT 8 Dec 93*

[Text] Carlos Lage, secretary of the Executive Committee of the Council of Ministers, affirmed that Cuba not only has resisted the results of the disintegration of the Soviet Union, the disappearance of socialism in Europe, and the recrudescence of the U.S. blockade, but is even in a position to make headway. Lage also observed, at the workshop "Cuba in the Nineties: Its Reintegration Into the International Community and the Role of Europe," that for Cubans, socialism is not an abstraction; it is, rather, a series of tangible achievements that we have the obligation to preserve.

Speaking of the nation's situation and the measures being taken to solve it, Lage insisted that we aspire to maintaining the system of state ownership of property and social justice, without losing sight of the fact that this must be achieved under the current world conditions.

In response to one of the participants, Lage, who is also a member of the Politburo, affirmed that Cuba gives great importance to relations with Europe and stressed that the island, along with Latin America, aspires to having the nations of the old continent play a leading role in Cuba's development and integration into the world economy.

Lage explained to the European deputies that the measures applied to date are not the only measures, and expressed some of the existing ideas aimed at restructuring the state apparatus and streamlining internal finances, measures which Lage said should be adopted in the next few months.

### Agriculture Minister on Guantanamo Crop Recovery

*FL0812134693 Havana Radio Rebelde Network in Spanish 0000 GMT 8 Dec 93*

["Exclusive" interview with Agriculture Minister Alfredo Jordan by Marisela Escoto in Guantanamo Province on 7 December—recorded]

[Text] [Escoto] Alfredo Jordan, member of the Politburo of the Central Committee of the Communist Party of Cuba [PCC] and agriculture minister, today toured agricultural areas affected by the heavy rains that fell over Guantanamo Province in late November. Minister Jordan, what is your impression after the tour?

[Jordan] We covered a pretty large area. We visited five municipalities and nine enterprises. I had a chance to speak to people who are members of Basic Cooperative Production Units, contingents, and farms. I also met with some of the mobilized persons. I talked to more than 1,000 comrades who are currently waging the huge battle for recovery. We visited Imias, Caujeri Valley, Yateras, the Miscellaneous Crops Enterprise in Guantanamo, (Chutime), and the Ivan Rodriguez Cattle Enterprise. We believe we are working hard with the people of Guantanamo. One can sense very high spirits. Several days have gone by since the flooding and I believe we will be back to normal shortly.

The people are working hard to repair the damage at affected plantations. Approximately 200 caballerias of miscellaneous crops were affected and some need a lot of work. However, our comrades have what they need to do their work. Seedbeds have already been planted to replace the damage to orchards. Therefore, I do believe the comrades are working with a great sense of patriotism. Even though the damage caused here may create some problems with certain products we had planned to have available at a given time, I do believe that, once the area has been replanted, we will be harvesting much more than originally planned. There are some areas where crops were lost and the comrades have decided to double the amount originally planted. The outlook for recovery is good.

[Escoto] Thank you, Minister Jordan.

## Legal Agreement Signed With Spain

*FL0812214793 Havana Radio Rebelde Network in Spanish 1800 GMT 8 Dec 93*

[Text] Drs. Juan Escalona Reguera and Eligio Hernandez Gutierrez, prosecutor generals of Cuba and Spain, respectively, today signed a legal agreement at the Ministry of Foreign Relations here in the capital. Journalist Grisel Tavares has details.

The agreement is the first step as regards cooperation in the legal sphere between Cuba and Spain, and it includes exchanges of lecturers, literature, and advisers. Escalona Reguera said that the letter of understanding, as the agreement was technically called, is very important for the economic future Cuba is going to be facing—especially taking into account Spain's experience.

Escalona added that Cuban Government attorneys will have the opportunity to expand their knowledge in Spain, and will at the same time become better prepared for the legal complexities that are approaching. [as heard]

Hernandez Gutierrez said that Cuba will be included in his country's legal program, and that Cuban lawyers will be able to receive training at the side of Spaniards in a program that is quite broad. He said he felt he was a Cuban Canary islander, because he has relatives in Matanzas—whom he was able to visit; and he expressed his thanks for the courtesies extended to him by the Office of the Attorney General of the Republic.

During his brief three-day visit, Spain's attorney general visited the Varadero tourist hub, met and talked with a number of Canary islanders who reside in Matanzas Province, and had meetings with important Cuban officials, such as Dr. Carlos Amat, minister of Justice.

The visitor, who will be leaving for Venezuela today, said he feels very much at home in Cuba because of the characteristics of the population and the nation's customs, and he stressed that he would like to return to our country several more times.

## Lage: Bloated Personnel Rosters To Be Adjusted

*FL0812140693 Havana Radio Rebelde Network in Spanish 0000 GMT 8 Dec 93*

[Report by Mariela Diaz]

[Text] Carlos Lage, secretary of the Executive Committee of the Council of Ministers, a little while ago said that the situation Cuba is experiencing is truly difficult and dramatic. The people's standard of living and the country's economic activity have decreased. However, the situation of the island and its problems are no longer news. Lage said that news would be a sure sign that the process of recovery is beginning in 1994. In recent statements Lage said that next year we will be able to see the beginning of a recovery.

[Begin Lage recording] We are working hard to improve our sugar cane [words indistinct]. We began to adopt measures when we created the Basic Cooperative Production Units. The country has been able to get some money to purchase more fertilizer to be used next year and some to inject into our industries. Therefore, [words indistinct] recovery of the sugar industry.

I believe that in the next few years we will [word indistinct] excess of circulating currency. Correcting this will also help to encourage work and recover production. I believe that new doors are opening and the picture is less bleak than a year ago. [end recording]

One of the corrective measures being considered involves readjusting the bloated personnel roster and removing some of the workers from job sites.

[Begin Lage recording] There is no doubt that the personnel rosters have been bloated. [Words indistinct] even manual workers. Even the manual workers as in [words indistinct] who are more efficient and qualified. More people than we need are employed. [Words indistinct] levels of production and efficiency we must achieve. The country must confront this problem. The country must solve this problem. I would say that we are going to confront this problem based on one idea: No one will be abandoned. If we have to reduce the number of workers in one place, then we must do our best to relocate them in other jobs. If we cannot relocate all of

them then we will have to give them a salary or a salary percentage sufficient to live on until we can relocate thenm. [end recording]

In future casts I will give you more excerpts of Carlos Lage's views on other current economic problems.

## New Payment System Announced, Described

*FL0812174493 Havana Radio Reloj Network in Spanish 1508 GMT 8 Dec 93*

[Text] The Villa Clara Province CTC [Cuban Workers Federation] has announced that 70 brigades of permanent voluntary canecutters [description as heard] in Villa Clara have decided to avail themselves, during the current cane harvest, of the payment system called "progressive outstandingness" [destaco progresivo].

This new form of wage incentive for productivity above the norm was tried out during the past harvest, and the experience of some 700 canecutters on plantations belonging to the Diez de Octubre and Hermanos Ameijeira Complexes were positive.

Now canecutters of average productivity—an average based on the number of arrobas per caballeria currently attained by Basic Cooperative Production Units—will have, included, a 40-percent wage guarantee for the voluntary forces. (?Therefore) the basic salary for meeting the norm is increased, under the "progressive outstandingness" system, to 4.82 pesos, and up to 20 percent more if the canecutter exceeds half the norm.

## Criminal, Judicial Action Reported 2-8 Dec

*FL0812172493*

[Editorial Report] The following is a compilation of fileworthy reports on criminal activity and related judicial actions in Cuba carried on Havana radio and television in Spanish between 2 and 8 December.

Radio Progreso at 1200 GMT on 2 December reports the sentencing of two persons for breaking and entering a grocery store in Plaza Municipality and stealing 46 frozen chickens valued at 140 pesos. The Havana Provincial Court sentenced each to six years' imprisonment.

Radio Progreso at 1200 GMT on 8 December reports that the Internal Order unit of Diez de Octubre Municipality, Havana City Province, reports that light has been thrown on several robberies involving the use of force perpetrated by six individuals at four commercial units, a provincial microbrigade warehouse, and two homes. The accused were caught in the act of robbing a warehouse from which they had taken rice, bars of soap, and other products. Upon searching their homes authorities seized a bicycle, a scale, tricycle tires, and a gas (?tube) and regulator, all of which were returned to their owners. Following the police investigation, the accused will be taken to court and charged with repeated robbery involving the use of force. The Diez de Octubre police also arrested a group who attacked and robbed citizens, intimidating then with a pair of scissors. Among the objects these people stole are a bicycle, a backpack, and several personal articles. Charged with crimes involving the use of violence are: Osmany Gutierrez Rodriguez, an escaped convict; Orlando Montalvo Aleban, who has a criminal record; Joel Urjellez Arredondo, who has exhibited poor social conduct in the past; and Gregorio Santacruz Rodriguez.

### Democratic Party Changes Name, Elects Presidential Hopeful

*PA0812193293 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 6 Dec 93*

[Report by Samuel Prieto; from the "Good Morning From Mexico" newscast]

[Text] The Mexican Democratic Party changed its name this weekend during its national convention. You can now forget the Mexican Democratic Party [PDM], as it changed its name to National Opposition Union [Union Nacional Opositora], UNO or perhaps PUNO. I do not know what initials they will use when they make the formal announcement. The party elected Deputy Pablo Emilio Madero as its presidential candidate. Madero is a former Democratic Forum Party leader.

The first days of the last month of 1993 are days of candidates, politics, and traffic chaos. It was Pablo Emilio Madero's turn to be selected a presidential candidate on 5 December, but, as we already know, not for the PDF, which preferred to run with the general's son, but for the PDM—which is now the UNO.

[Begin recording] [Prieto] What will be your campaign's ideological platform?

[Madero] It will be one of great respect for the Mexican people's traditions. Here we live within social Christian ideas. We believe that this is for what the Mexican people are wishing, and this is what will bring peace and justice to the Mexican people. [end recording]

Pablo Emilio Madero says that there is a vacuum in Mexico regarding the existence of an option representing the social Christian humanist sense, which is why he accepted to break from the PDF leadership to accept the UNO presidential nomination. Debate is the word that separates this political process from the others, and Pablo Emilio Madero gave his opinion.

[Begin recording] [Madero] I believe that debates are positive, as long as all sides can participate and there is no selection process.

[Prieto] Would you accept a debate?

[Madero] Of course, but not if it is a selective invitation for two or three candidates; that is not right. All of those who are candidates should have the right to participate in the debate. [end recording]

### PRI Presidential Hopeful Colosio Discusses Social Reforms

*PA0812193393 Mexico City XEW Television Network in Spanish 0435 GMT 7 Dec 93*

[From the "24 Hours" newscast]

[Text] Luis Donaldo Colosio, Institutional Revolutionary Party [PRI] presidential hopeful, has reiterated that his proposal for social reforms will be neither bureaucratic nor centralized. Upon leaving his residence, Colosio talked about his political campaign that will start Wednesday, as soon as he is presented as PRI candidate. Here is what Colosio said:

[Begin Colosio recording] I decided to meet the convention delegates at their place of origin—in their regions. This is a fundamental cornerstone in regional development I have proposed and plan to ratify the day of the convention. [end recording]

Subsequently, Colosio went to PRI headquarters where he met with various senators and Senate leader Emilio Gonzalez. Later, Colosio received the support of the Mexican Social Security labor union led by Angel Sainz. Colosio said he had a commitment to generate more jobs and raise salaries.

[Begin Colosio recording] I do not believe in progress that generates benefits for a few. I am proposing progress for all. I would like each and every one of you to help me in this endeavor. [end recording]

At PRI headquarters, Colosio met with peasants from all corners of the nation, telling them there must be more justice in the countryside. Later, Colosio met with PRI women, telling them he intended to fully incorporate women into the nation's development. After the meeting with the PRI women, Colosio talked with members of the (?Fedse), led by Carlos Jimenez Macias. He then met with members of the Urban People's Territorial Movement, telling them that Mexicans should take advantage of the current opportunities.

In the afternoon, Colosio toured the Peraldillo neighborhood. He visited house No. 15 in Peraldillo and had a photograph taken with the neighbors who asked for his intervention in purchasing the houses they occupy. Later, the presidential hopeful walked through the same street on Peraldillo until he arrived at house No. 33. Here, the neighbors invited him to enjoy some tacos. At the end of the meal, Colosio talked about the coming elections in Mexico City.

[Begin Colosio recording] We will win the Mexicans' vote with truth, transparency, and honesty. [end recording]

During his tour in Peraldillo, the PRI presidential hopeful was accompanied by PRI president Fernando Ortiz Arana; comedian Adalberto Martinez, alias Resortes; and former boxers Octavio Gomez and Jose [name indistinct] Medel.

### Officially Accepts Nomination

*PA0912041693 Mexico City NOTIMEX in Spanish 0233 GMT 9 Dec 93*

[Text] Mexico City, 8 Dec (NOTIMEX)—Luis Donaldo Colosio, the ruling party's presidential candidate, would develop a new international initiative of "multiregional dimensions" if he wins Mexico's 21 August elections.

The Institutional Revolutionary Party [PRI] candidate said that if he wins, he will advance "a new international initiative so our strategic position has multiregional dimensions to satisfy national interests."

Colosio today accepted the PRI candidacy for president and delivered a speech in which he reiterated his commitment to create jobs and promote economic progress for Mexicans.

"The free trade agreements with the countries of North and Latin America, as well as the commercial agreements being negotiated with other regions of the world, lend certainty and clarity to our commercial relations," he said.

Colosio said he will seek "the convinced votes" [voto del convencimiento] in his electoral campaign and will reject any votes "that may be outside the law."

The candidate of the party that has been in power since its foundation in 1929 proposed the creation of a committee of citizens to evaluate the electoral process and thus guarantee the certainty of aboveboard 21 August elections.

With the official candidate's acceptance, the Mexican political panorama is ready for the electoral contest in which approximately 40 million citizens will vote with a registration card which, for the first time, will bear the voter's photograph.

The candidates for the presidential elections are, in addition to Colosio, Diego Fernandez De Cevallos, candidate for the conservative National Action Party, and Cuauhtemoc Cardenas, candidate for the center-left Party of the Democratic Revolution. Attorney Cecilia Soto will represent the Labor Party; businessman Pablo Emilio Madero will represent the Mexican Democratic Party—which formed a so-called National Opposition Union; and Marcela Lombardo will represent the Popular Socialist Party. Another minority group, the Party of the Cardenist Front for National Reconstruction, nominated its national leader, Rafael Aguilar Talamante.

During the 21 August elections, 500 deputies and 96 of the 128 senators in Congress will also be elected.

## New Deputy Foreign Secretary Appointed

*PA0812195693 Mexico City XEW Television Network in Spanish 0430 GMT 4 Dec 93*

[From the "24 Hours" newscast]

[Text] Foreign Secretary Manuel Camacho Solis has appointed Marcelo Ebrer deputy foreign secretary B [as heard]. Ebrer replaces Javier Barros Valero. Mr. Camacho Solis acknowledged the work of Barros Valero at the Foreign Affairs Secretariat.

## Roundup of Economic Developments 7 Dec

*PA0812162093*

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

State-owned Mexican Petroleum (Pemex) has reported that it exported an average of 1.351 million barrel of crude oil a day, which amounted to more than $5 billion, during the first nine months of 1993. The Pemex communique added that the United States had bought 64.1 percent, Spain 15.4 percent, and the Far East 5.7 percent of its total export sales from January to September. During this period, Pemex sold an average of 263,800 barrels of light Istmo oil a day for $1.209 million and 834,100 barrels a day of heavy Maya oil for $2.834 million. The communique also stated that they had sent an average of 253,100 barrels a day of extra light Olmeca crude oil to the American Continent and obtained $959 million in foreign exchange. (Mexico City NOTIMEX in Spanish 0225 GMT 3 Dec 93)

Financial media sources have reported that Mexico's gross national product (GNP) fell 1.5 percent during the third quarter of 1993, placing the accumulated growth rate, up to September, at .5 percent. Commenting on a report issued by the state-owned National Institute of Geography, Statistics, and Data Processing, the daily EL FINANCIERO stated that the information "reveals that the Mexican economy is in full recession." The GNP growth in the 1989 January to September period was 3.8 percent; in 1990 3.7 percent; in 1991 3.7 percent; in 1992 2.9 percent; and in 1993 .5 percent. The manufacturing industry, which contributes 23 percent to the GNP, was the sector most negatively affected by the drop, as it registered a 1.5 percent decrease after it had increased 2.3 percent during the 1992 January to September period, EL FINANCIERO reported. The government's economic growth rate goal for 1993 is 1.1 percent, the lowest target in President Salinas's administration and below the population growth rate of 1.9 percent. (Paris AFP in Spanish 1608 GMT 7 Dec 93)

## Commerce Secretary Endorses Positive End to GATT Talks

*PA0812201793 Mexico City NOTIMEX in Spanish 0935 GMT 8 Dec 93*

[Text] Mexico City, 8 Dec (NOTIMEX)—Jaime Serra Puche, Mexico's commerce and industrial development secretary, has said GATT's positive conclusion on international trade will improve expectations for a favorable trade environment.

The official assured that because an agreement has been reached between the EC and the United States on agricultural matters, the path is now clear for negotiations promoted by GATT since 1986.

Serra Puche added that for Mexico, GATT is one more avenue by which Mexico can promote its trade interests, maximize its market diversification strategy, and attract foreign investment.

Serra Puche instructed Herminio Blanco, under secretary of international trade negotiations, to go to Geneva on 9 December to participate in the conclusion of GATT's multilateral agreement.

Regarding benefits that Mexico could obtain with the conclusion of the GATT talks, Serra Puche noted that Mexico will have greater access to markets because of a reduction in tariffs on agricultural and industrial products.

Mexico will endorse reinforced regimes and other mechanisms, such as safeguards, customs valuations, technical norms, copyrights, and defense against illegal practices. As far as the service sector is concerned, the Latin American nation also will have for the first time a multilateral framework of rules and a group of liberalized sectors.

Serra Puche underlined that there will a more predictable institutional climate because a GATT agreement would create a multilateral trade organization that will improve the framework for resolving trade differences among nations.

### * Carpizo Cites Diminished Congresses, Courts

*94CA0043A Mexico City LA JORNADA in Spanish 6 Nov 93 p 3*

[Text] Upon receiving a doctorate *honoris causa* from the Universidad Complutense de Madrid, Attorney General of the Republic Jorge Carpizo McGregor gave a speech in which he discussed democracy in Latin America. He noted that the legislatures have not acquired the importance that is necessary for democratization, because for a variety of reasons they have become weakened and may be showing signs of decadence.

During his speech, Carpizo McGregor added that the weakening of the Latin American congresses is manifested in their limited capacity for representation, "the muted voice of forces that are engaging in dialogue or conflict in the national society, the inability to control the executive branch or the functioning of the political system."

He also discussed the "disturbing plight of the judiciary" throughout Latin America. He complained that this branch of government has not attained the independence, integrity, or technical and political capacity to serve as a fundamental guarantee of the rule of law and the administration of justice, which are "indispensable in a genuine democracy."

He explained that the judicial branch has fallen into decline in Latin American countries "because what has led to the neglect of jurisdictional functions and even corruption is truly irresponsible. In this way, the international and internal obstacles to democracy have accumulated."

Previously, referring to Latin American political parties, he stated that they are suffering from a "serious crisis" as a result of an exaggerated personalism and elitism in their executive bodies and machinery.

"Excessive power, both inside the parties and in their interaction with society and the political system, is concentrated in the hands of leaders bearing the traits of caudillos, caciques, or charismatic figures. This acts to the detriment of ideology, the organization's program, and the real status and effective participation of the parties' members, the electorate, and segments of the population."

He added that the parties' executive bodies and machinery are organized and operate according to elitist patterns, "according to the law of the sword in the creation of an oligarchy. The parties tend to limit themselves to serving as electoral associations that become active only in connection with electoral contests, so that they can distribute candidacies, positions, and spoils to party members or to clients of party leaders and officials."

In addition, the attorney general of the republic focused on the abject poverty that affects a third of the population in Latin America; the poorest 20 percent of the population in this region receives less than 4 percent of the income, while the richest 10 percent receives more than 30 percent.

For this reason, he explained, one of the greatest challenges facing Latin American countries is achieving social justice, so it is imperative that wealth be created and that it be equitably distributed.

Because of this situation, the standard of living of millions and millions of Latin Americans must be raised. "What good are democracy and liberty if people are hungry and ignorant?" he asked.

Regarding democracy in Latin American countries, he expressed the need to redefine relations between the state and civil society, preserving the active role of the state but safeguarding the freedom and creativity of civil society, with an appropriate combination of old and new forms of social and political participation.

He also noted that conditions that prevent the concentration of power, authoritarianism, despotism, and totalitarianism should be guaranteed and expanded.

For this reason, the legislatures must overcome their limitations and reassert their role in the organization and functioning of democracy and in national development.

"They should be, and act, not only as central legislators, but also as guarantors of liberties, representatives of the various components of society, and forums for the

expression and analysis of interests and conflicts, and their decisions should become the rules governing the rule of law."

## * Varying Accounts of Chiapas Social Unrest

### * Armed Groups Noted

*94CA0040A Mexico City LA JORNADA in Spanish 2 Aug 93 pp 1, 10*

[Article by Elio Henriquez]

[Text] Las Margaritas, Chiapas, 1 August—The alleged presence of armed Mexican groups with "revolutionary" objectives in jungle areas encompassing the municipal jurisdictions of Las Margaritas, Ocosingo, and Altamirano is an open secret in this place. Local officials and representatives of various groups say it is well known to municipal and state authorities and the Mexican Army.

Municipal Council member Rafael Pinto Cano stated that there are signs that "military training exercises are taking place in the middle of the night" in several communities in his municipal jurisdiction. "We have reliable information that there are armed groups whose objective is to attack the government," he said, citing the groups' own propaganda, which is distributed among the Indians of the region.

"Just a week ago a man came to my father's house in one of these communities to offer him a large-caliber weapon, one of those folding ones like the Army uses, for 2 million (old) pesos; but he was afraid and did not buy it. That was a mistake, because that would be one more piece of evidence that there are armed people. We should have arrested him so that he would tell us who they are and where the others are.

"We believe that these groups are the same ones that are in regions of Ocosingo and Altamirano. They have the run of the jungle, and although the Army knows about this because it has sent officers dressed in civilian clothes to investigate in all the communities, it has not taken any action."

Pinto Cano contends that opposition activists are not involved in the alleged armed groups, and that peasants join voluntarily after being persuaded that they have to fight to avoid exploitation. He says that some groups are a mere 20 or 30 kilometers from the Guatemalan border, and their presence has been known for three years.

#### Complaints and Stories

In a letter to current Mayor Romeo Suarez Culebro in March of this year, the municipal agent of a shantytown in this municipal jurisdiction stated: "It is my duty to inform you of this guerrilla movement, gathered between 12 and 15 March at the general headquarters which you are already aware of, here they dealt with various activities and engaged in exercises and training. The insurgents presided over the meeting."

The peasant complained in his handwritten letter that "we are all supporting the insurgents; they told us that the war is now imminent (...) with all due respect and confidence, Mr. [Municipal] President, you should take this very seriously because these things are true (...) things are all screwed up here, and we want the Army and the Federal Government to take action."

Fearing reprisal for his complaint, the municipal agent asked the mayor, "When the Army investigates, have them ask for me as leader of this (guerrilla) organization so that they will think I have had no contact with you, and they will say I am wanted by the Army, because they are already accusing me of being a spokesman for you...."

Many other documents like this one have been submitted to municipal authorities and other officials over the last two or three years. They complain of the presence of "armed groups" in rural communities of the Tojolabal jungle, and they request that the appropriate authorities intervene.

A local evangelical pastor stated that several of his Presbyterian parishioners in communities in the Las Margaritas area have been "pressured to join the armed groups operating in the Ocosingo strip along the border with Guatemala, and many have joined; this has happened in the last two years.

"One peasant in the region told me that one night late last May two men in military dress came and took a rifle that he kept for hunting. They warned him that if he told anyone what had happened, they would kill him.

"Many people in this border zone encompassing Las Margaritas, Ocosingo, and Altamirano know about this and about the training exercises that take place at night, because they can hear the gunfire. But no one wants to say anything because of the danger it involves. The residents are frightened. I think the State Attorney General's Office knows it, but it is waiting for a more serious development before taking action...."

As a result of the alleged clashes between the Army and "a group of unidentified men" on 22 and 23 May in the Ocosingo area, in which two soldiers were killed and two wounded, the allegations of a guerrilla presence in the border jungle area of Chiapas are discussed more openly. Several people have come forward to tell stories they have heard from Indians and peasants for several years.

The state leader of the Independent Central Organization of Agricultural Workers and Peasants (CIOAC), Antonio Hernandez Cruz, said: "There are widespread rumors of guerrilla movements, and we also know that some of our rank-and-file members have been invited to participate in an armed uprising being organized in these border municipalities."

He added, however, that the CIOAC (which is more active in this municipal jurisdiction than in most others in the state) will continue its program of action based on

mobilizations and negotiations with the state, "since we believe that the current situation does not warrant a stronger movement; the conditions are not right."

Hernandez Cruz did not rule out the notion that "in the distant future, the armed struggle may become an option if the government does not undertake specific action to benefit the thousands of Indians and peasants in Mexico who are living at a subsistence level in a state of neglect and extreme poverty, thanks to the government and the caciques."

The CIOAC leader indicated that the military "continually patrols the region where the armed groups are known to be present, and has set up a military cordon in the area. This means that they are aware of the situation."

At the same time, the peasant leader from this municipality, where the opposition has had a significant presence for the last 10 years, warned of "the danger that the Mexican Army and the government in general will repress democratic social organizations in the region on the pretext that they belong to armed groups. This is what happened in Ocosingo, where peasants in the Rural Association of Collective Interest (ARIC) were arrested.

"We will not allow that, because as long as there is poverty and exploitation, we have the right to organize within the framework of the Constitution, and that right must be respected," he emphasized.

The delegate of the Confederation of Mexican Workers (CTM) in Las Margaritas, Aaron Gordillo Noriega, says that "the existence of guerrillas is not a rumor; it has been proven that there are well-armed guerrillas operating near the Guatemalan border, and it is known that they have training grounds."

A member of the Ranchers Association and of the Institutional Revolutionary Party (PRI) who has held various positions in the National Peasant Confederation (CNC), Gordillo Noriega declared that the Mexican jungle is "a refuge for Guatemalan guerrillas because they can evade detection in the remote forest areas."

He said that "about eight months ago a training ground was discovered below the community of El Eden. The authorities were informed, but when they arrived all they found were remains of the dishes that had been used."

He noted that in October and November of last year, "things heated up. The movement was growing by leaps and bounds, but more recently it has been curbed by the presence of the 24th Motorized Cavalry Regiment. If it were not for them, who knows what would have happened? It also helped that several ignorant peasants let slip information."

Except for Gordillo Noriega, all the sources interviewed stated that the alleged guerrilla movement is internal, that is, made up of Mexicans who disagree with the current policies of the government, although they are operating along the Guatemalan border for strategic reasons.

**Poverty a Breeding Ground**

Covering an area of 5,718 square kilometers, with a population of 86,586, Las Margaritas is one of the poorest and most inaccessible rural municipal jurisdictions of Chiapas, as are Ocosingo and Altamirano.

Regional Undersecretary for Social Development Carlos Rojas Gutierrez visited these three municipalities on 29 July, accompanied by Governor Elmar Setzer Marseille.

In Margaritas he visited the construction site of a major hospital in the community of Guadalupe Tepeyac, where locals say the "armed groups" got their start.

The Municipal Council member announced that the hospital will open in late August, and President Carlos Salinas de Gortari will probably cut the ribbon.

In Altamirano, the federal official announced that another hospital will be built and an important highway paved, along with other social projects.

"The poverty and misery in which the Tojolabal Indians live in this municipality are a breeding ground for recruits to an armed movement like the one that appears to be forming in the jungle," stated a peasant leader who asked not to be identified.

When asked about the presence of armed groups in the jungle of Chiapas, the commander of the 31st Military Zone (with headquarters in this city), General Gaston Menchaca Arias, said in a brief off-the-record interview that "you would have to ask the governor that, because it is up to state authorities to investigate that situation."

*** Official Document Quoted**

*94CA0040B Mexico City PROCESO in Spanish No 877, 23 Aug 93 pp 14-16*

[Article by Guillermo Correa and Julio Cesar Lopez]

[Text] Ocosingo, Chiapas—The Chiapas Government has confirmed in a document that there are armed groups in that state.

The document, consisting of six legal-sized pages bearing the seal of the state executive branch, reports the discovery of a "training ground" run by "subversive" groups. Dated 26 May, the report indicates that uniforms, high-power weapons, medications, foodstuffs, and trenches were found. There were also large cabins, long avenues, and playing fields, all in the middle of the jungle.

The document details the finding of a stone wall simulating a tank and military vehicles made out of wood.

Thus, although Patrocinio Gonzalez Garrido, secretary of the interior and former governor of Chiapas, contends

that it is merely a "false rumor," the presence of guerrillas in the state is real. The Certificate of Ministerial Inspection in Preliminary Investigation No. 849/CAJ4-B2/993, drawn up by the State Attorney General's Office under the supervision of the Agency of the Public Prosecutor's Office for the Armed Forces, attests to that fact.

The Army requested the Chiapas Attorney General's Office to conduct the inspection after reporting attacks on soldiers on 22 and 23 May in the Ocosingo region. As a result of the skirmishes, a second lieutenant and an enlisted man were killed, and a sergeant and a corporal were wounded, according to the Secretariat of National Defense. An unidentified civilian was also reported killed.

In the military operation on that date, the Army arrested eight Tzeltal Indians and two Guatemalans who were carrying 11 firearms and ammunition of various calibers. The arrestees were charged with treason and were placed in the Cerro Hueco Prison in the capital of Chiapas. Five of them are still there, and they have complained that they were tortured to "get us to implicate local priests," they told reporters.

Various peasant organizations—the Emiliano Zapata Peasant Organization (OCEZ), the Independent Central Organization of Agricultural Workers and Peasants (CIOAC), the Emiliano Zapata National Independent Peasant Alliance (ANCIEZ), and the Rural Associations of Collective Interest (ARIC)—say that it is alarming to see graffiti on walls in the seats of the municipalities of San Cristobal de Las Casas, Ocosingo, Altamirano, Comitan, and Las Margaritas, calling for the expulsion of Bishop Samuel Ruiz for being one of the leaders of the guerrillas.

Other signs on walls in these southern cities call upon people to commemorate Guerrilla Hero Day next 8 October and designate 20 November as the National Guerrilla Hero Day.

In 1974, Pedro Ojeda Paullada, who was then attorney general of the republic and is now a federal deputy, announced the arrest of guerrillas of the Armed Forces of National Liberation (FALN) at the El Diamante Ranch in the municipal jurisdiction of Ocosingo. Now, 20 years later, a training center has been found very close to that site.

Secretary of the Interior Patrocinio Gonzalez Garrido stated in a document submitted to the news agency EFE on 11 August that there are no guerrillas in Chiapas. "Publicizing this false rumor seriously jeopardizes the state's development, because it would curb foreign and national investment in the farm sector," he added.

He also stated, "The Mexican Government discounts the possibility of any guerrillas operating in that city in the southern part of the Mexican Republic, or of any other group attempting to stage an uprising on the basis of the neglect suffered by the Indians and peasants."

**Training Grounds**

The Certificate of Ministerial Inspection in Preliminary Investigation No. 849/CAJ4-B2/993, which was drawn up on 26 May of this year when the body of the "unidentified civilian" was recovered (he died after the clash with soldiers in the Sierra Corralchen), contradicts the interior secretary's statements.

It states: "On the left side of the wooden room was a white plastic bag containing various medications. In addition, on an avenue in the training ground was a wooden vehicle, canary yellow in color, labeled 83 B.I.' Several marks could be seen on it, apparently caused by gunfire...."

The report, written by Jorge Luis Estrada Villatoro, agent of the Investigative Public Ministry of the Justice Administration Center, goes on to say: "About 150 meters from where the body was found was a hideout approximately two meters wide, one and one-half meter high, and two meters long, made of stones and logs. Inside was a loaded 16-gauge shotgun with a varnished wood stock, and beside it were four shells, two live and two spent.

"Further along, I observed more hideouts made of stones and logs. The agent of the Public Prosecutor's Office for the Armed Forces stated that they are technically called parapets (trenches), and they are intended to provide cover during an attack by the enemy."

About 800 meters from the body, "we found six log cabins, three of them partially destroyed, and the others showing signs of having been lived in." The cabins measured approximately eight by 12 meters each.

Inside the first house "were the remains of stored foodstuffs, including rice, beans, sugar, coffee, and a polyethylene bag containing white bread (*bolillo*). There were also canned goods such as tuna and sardines.

"In the next cabin was what could be called a dormitory; there were wooden beds made of logs tied together with liana vines. There was also a polyethylene bag containing weapons, including a rifle of the sort known as *cuernos de chivo* [assault rifle] and a homemade semishotgun,' apparently 16-gauge."

In another cabin, measuring six meters by 12 meters (gigantic compared to the shacks found in neighboring communities), another plastic bag was found, containing three semiautomatic pistols and a revolver, described as follows: a .38-caliber Colt, serial number and model illegible; a 9-mm. Browning, serial number 60696; a .38-caliber super; and a Smith & Wesson revolver, serial number BHT1709.

In the same place, investigators found a clear white plastic bag containing .38 super cartridges "totaling 50 in number, plus 27 live .9-mm. rounds."

Another three revolvers, found in a hole nine cm. wide and 70 cm. deep, included a Smith & Wesson, serial

number 83K0985, and two Colts, serial numbers 21142MU and 48192. In addition, 18 live .38 special cartridges were found.

As the on-site inspection continued, investigators discovered "a paved road approximately 200 meters long and two meters wide. Two crude volleyball courts had been set up on the pavement, one with a net made of liana vines and the other with a hemp net."

Ten meters from the courts "was what appeared to be a training ground. There was a stone wall made to look like a tank, with a metal pipe serving as a cannon. On either side were wooden walls that looked like houses."

In the back, against the wall, was a camouflaged military-type vehicle made out of wood, with rubber tires. According to the report, this vehicle had bullet holes in it. And to one side was a structure, also made of wood, resembling a two-story building. It had 22 long weapons inside.

Other findings included a kind of office, a rocket-launcher, and a machinegun, all made of wood. There were several parapets or trenches lined with stones, next to a sign that said, "Danger, dynamite."

Among the "abundant green vegetation and weeds of the jungle," the official saw "sticks of explosives," a container of black powder, and dynamite cartridges wrapped in red paper, with clear plastic rings on the tips.

Inside "a hole with a diameter of two meters and a depth of four meters, the skull of what appeared to be a child was found."

Investigators found more houses made out of boards, with different-colored plastic roofs. Inside were bags and boxes of foodstuffs, an Elektra color television set, a Yamaha electric generator, model EF600, CB radio cable, and, to one side of a shelf inside the house, "a light blue canvas backpack containing various subversive and military strategy documents," including a magazine called LA VERDAD [THE TRUTH], published by a Center for Informational Analysis.

The agent also found black pants and brown shirts on which patches were sewn with the letters FZ, 5o XXXIV, etc., next to a picture of a rifle. There were also three shotguns and three revolvers, a 7-mm. rifle, a 16-gauge sawed-off shotgun, and eight semi-automatic pistols, with the necessary magazines. In addition, he found a knife, a wooden pistol, and four bags of cartridges.

Agent Jorge Luis Estrada Villatoro says that all of the weapons and other items that were found were placed under the custody of the Command Post of the VII Military Region, commanded by Miguel Angel Godinez Bravo, who used to be the president's chief of staff.

"I also hereby state that while conducting the proceedings at which the body was recovered and the area inspected, the undersigned heard gunfire and was advised to fall back to where the military security personnel were, because the Army was being attacked in that area." Afterwards, "we were evacuated by the military security personnel," he adds.

The document states that Major Jose Adalberto Escobedo Tovilla, agent of the Public Prosecutor's Office for the Armed Forces (who took pictures of the proceedings), asked that Lieutenant Hilario Medina Nieto, in charge of ordnance, be named as an expert on ballistics and weapons identification.

Finally, in describing the body in question, the report states that it is the body of a man about 30 years of age, wearing a long-sleeved brown shirt, blue military-style pants, black rubber boots, and a red kerchief around the neck. It also says that 20 centimeters away was found a rifle with two loaded magazines.

**Official Concern**

For the first time this presidential term, in less than 40 days, the region of Ocosingo, in the Lacandon Forest, has been visited by the coordinator of the National Solidarity Program (Pronasol), Carlos Rojas Gutierrez, and by the head of the Social Development Secretariat (Sedesol), Luis Donaldo Colosio. They have come to promise, and even to open, projects such as hospitals, roads, and potable water systems.

Colosio, who is "openly campaigning for the presidency," according to local newspapers, announced last Thursday an investment of 670 billion old pesos.

Indians living in the jungle have written letters to the authorities reporting that "training exercises by insurgent groups are still going on at night." Some say that in spite of their limited resources, they support the armed groups because they are forced to "cooperate."

One of these letters was sent by people living in the municipal jurisdiction of Las Margaritas, where Colosio visited last Friday.

## * Testimony of Jesuit

*94CA0040C Mexico City PROCESO in Spanish No 880, 13 Sep 93 pp 12-13, 15*

[Article by Guillermo Correa]

[Text] Lacandonia—From the heart of the Chiapas jungle, Jesuit priest Mardonio Morales, who has been in this region for more than 30 years, claims that the presence of guerrillas is a fact not just today, but for the past eight years at least. He says that in 1974, the Torreon Group began sowing the ideological seeds and dividing the church.

He mentions that there were "ideologized" groups that always behaved in a two-faced way, and among them were the Socialist Workers Party (PST); the *Quiptic ta Lecoptusel*; the Union of Ejido Unions and Peasant Solidarity Groups of Chiapas; the Rural Associations of

Collective Interest (ARICS), formed by the National Union of Regional Autonomous Peasant Organizations (UNORCA); the Emiliano Zapata Peasant Organization (OCEZ); and the Emiliano Zapata National Independent Peasant Alliance (ANCIEZ).

All of them, he explains, were influenced by the northern group People's Politics, known as the "Pepes" or Proletarian Line, led by Adolfo Orive, current training director of the National Peasant Confederation (CNC), and Hugo Andres Araujo de la Torre, a deputy for the Institutional Revolutionary Party (PRI) and leader of the CNC.

Father Mardonio, who has spent half his life among the Indians in the jungle, has no doubt: The armed movement in Chiapas was started by the group that also came to be known as "Line of the Masses." This organization infiltrated the church, although afterward it was infiltrated itself by more radical organizations.

He says that there are priests who chose the path of violence, but he explains that the key lies in the way the guerrillas developed their mentality. It should be viewed in the context of extreme poverty, proximity to the Guatemalan guerrillas, and the increasing drug trafficking activity in the jungle.

The white-bearded Jesuit, who wears thick glasses, fears that the government will use the pretext of these armed groups to practice widespread repression among the Indians and destroy peaceful independent organizations, undoing all the work the church has done in its commitment to the poorest of the poor.

"The concern is what will happen to the image of Samuel Ruiz, bishop of San Cristobal de las Casas. He continues to denounce the exploitation of the poor, yet he is accused of being responsible for all these processes. Now, with Solidarity's publicity campaign, they have tried to calm the discontent, but since Don Samuel is sticking to his position, he is being defamed more forcefully in order to discredit his work, to take advantage of the new relationship between the church and the government, and to dishonor the bishops who are committed [to the poor].

"The message is that Solidarity is better than the committed church. This situation of conflict is being used to discredit the bishop's pastoral activities. Because he has been involved in organizing and rescuing the Indians for 30 years, he is considered dangerous."

Father Mardonio notes that Samuel Ruiz has reported the presence of the violent groups, "but he is very careful and cannot name names. In our conversations, he expresses his concern and says that they are wrong, that their thought is totally contrary to his."

Mardonio Morales explains the history that led up to this year's attacks on the Army, and discusses the guerrilla training grounds that were found in the jungle (PROCESO Nos. 866 and 877).

**Church Infiltrated**

It all started, he says, shortly after the Indian Congress of 1974, held in San Cristobal de las Casas and chaired by the bishop. "He asked us what we thought of the idea of working with a group that came from Torreon. On that occasion, Mr. Adolfo Orive spoke extensively to us, and I personally was very impressed with his articulateness.

"It was really exciting to hear him explain their organization, especially in the colonias [urban communities] of Monterrey, block by block. And how they prepared people for the civil action struggle in the style, he said, of the 'Pepes', that is, People's Politics. That organization was born in Torreon, and its ideology was based on the Maoist doctrine that power lies in the masses, that everything emerges from them, and there are no leaders.

"When he finished his speech, he presented a proposal to us. He said, 'Here in San Cristobal de las Casas, since the 1974 Indian Congress, you have been doing tremendous work in the communities. You are pastoral magicians. No offense, but you do not have the training for strictly political organization. I have come to make you an offer: You take charge of pastoral matters, and we will handle political organization. You have the communities in your hands; in this way we can complete our work.' The proposal was tempting. Afterward, he left so that we could discuss it. In general, we thought it would be dishonest to turn the communities over to people who, though apparently very well-intentioned, were outsiders. It was a kind of agreement between elites."

Adolfo Orive was a professor in the School of Economics at the National Autonomous University of Mexico (UNAM), where he founded the group People's Politics. It was responsible for establishing popular colonias in cities such as Monclova, Monterrey, Durango, and Torreon during the 1970's.

Then he formed Proletarian Line, which eventually became a dominant and influential force in trade unions and important segments of the labor movement, such as the miners, telephone workers, and teachers. He founded peasant organizations in Batopilas and the Coalition of Collective Ejidos in the Yaqui and Mayo Valleys in Sonora.

During this presidential term, Adolfo Orive has served as director of the National Solidarity Program (Pronasol) and adviser to Undersecretary Carlos Rojas Gutierrez.

Mardonio Morales recalls that "we thought it was not a good idea to ally ourselves with them, that if they wanted to come in and work in the communities, we would not close the doors, but neither would we turn the communities over to them. Therefore, there was no deal. Mr. Orive was informed, and we severed our ties. We never heard from him again."

At that time, he adds, in the Tzeltal region alone, there were 2,000 catechizers spread all over the jungle and the

mountains. "We had very close ties to the people, and they trusted us completely."

"Something happened, however, that planted the seed for what is happening now. Contrary to the agreement, Javier Vargas, a secular missionary in the parish of Ocosingo who had worked with me on putting together the Indian Congress, established direct ties with the people in Torreon.

"I learned that Javier Vargas was working with someone named Soto on the same terms as the proposal Orive had presented to us. In other words, after the catechism meetings, the northerners would be introduced to explain their work."

Father Mardonio explains that the advisers proliferated. All this was in secret, because the diocese had forbidden this activity. "They worked with great sacrifice and devotion, these men and women from Torreon. Thus, they quickly founded the *Quiptic ta Lecoptusel*, then the Union of Unions, then the ARICS—in short, a number of very strong, effective organizations. All indications were that they were on the ascendant.

"As far as I know, the bishop never gave the go-ahead to turn the communities over to the Torreon people. But looking at the real economic progress they were making, he was very satisfied. It was Javier Vargas and Father Vicente Foster who were the inspiration for all this.

"They were the soul. But soon they ran into problems with the ranchers of Ocosingo, and they decided to pull out. In fact, Father Vicente's withdrawal was viewed as normal, because his parish had been in the hands of Dominicans from California, in the United States, and then it was turned over to Mexican Dominicans. I always heard, however, that he stayed in the jungle and is still helping with this type of organization.

"For several years, the organization had an economic and agrarian focus."

He recalls that, from 1978 on, an effort was made to involve the parish of Bachajon in this movement, and that he was regarded as an obstacle that had to be isolated. He was sent further and further into the jungle so that he would not have any contact with the communities in the highlands, the towns of Chilon, Citala, Huatutepec, and Bachajon, which is where the strongest agrarian struggle has taken place.

"Since I was not there, the agrarian movement was turned over to the PST, and the cooperatives, more than 80 of them, were given to the National Company for Basic Commodities (Conasupo). They pushed me aside; there was even a plan to get me out of the diocese. That was when the massacre at Golonchan took place, in June 1980, when at least 40 peasants were killed. Their policy was to penetrate everywhere. First they did it in Ocosingo, then in the Las Margaritas region, which is in the southeast, and at the same time, in Sabanilla, where the priest who had coordinated the congress of the Choles was located. They began putting all of that region into what they called the 'organization.'

"Their objective was to control all of the pastoral agents. The Tzeltal area came under their power completely. They held secret meetings in the region of Ocosingo and Comitan. Jorge Santiago, one of the new people from Bachajon, was there, as were Chema Castillo, Carlos Tapia, and Alejandro Buenrostro. At those secret meetings they planned how to control the assemblies of the diocese.

"They followed the same system as People's Politics, meaning that the assembly was supposed to decide on everything. There were no leaders or directors; they even questioned the authority of the bishop. Whatever the assembly decided was what was done.

"What we did not know was that even Jesuits, Dominicans, missionaries of the Sacred Heart, and the secular clergy would collaborate to manipulate the assemblies.

"Soon they spread throughout the jungle. If a Catholic community that entered the church was not in complete agreement with the 'organization,' they would exclude it and deny its members the sacraments. In order to be baptized or married, they had to belong to the group founded by the northerners. This divided the communities, and many of them became Protestants. Under this system of controlling the assemblies, they forged agreements that were sacrosanct and had to be obeyed. At that time, to alienate us, they called us 'discordant ones' because we would not follow their orders."

According to Mardonio Morales, one of the main targets of the invaders was the native church. Bishop Samuel Ruiz asked the communities what they thought of the pastoral action, which seemed so oppressive. The members of the communities responded that they felt excluded from the priesthood, that they could not run their own church, since they were always dominated by people from the outside.

The Indians put it this way: "You monopolize the Holy Spirit and do not allow any Indians to come in and become leaders of the Christian community." In response to that complaint, the Indian deaconry process was begun in 1975.

**Maoist Ideology**

At first, the members of People's Politics supported the idea, but since they wanted a more horizontal church, without authorities to impose their points of view, they said that the deaconry came from above, that it was like giving the Indian power over his community, and that was to be avoided. According to them, the most that could be allowed was temporary and rotating ministries so that everyone would have a chance to serve. They were told in response, "Fine, become priests yourselves as well, and let someone else have the power," but they never accepted that.

The northerners fought against the movement, but the native church continued. They tried to stifle it by ignoring the pre-deacons: "They would not give them courses; they never told them how to perform the ceremonies or how to do their work. There was no help for them. They were treated like mere catechizers," recalls Mardonio Morales.

In 1979, Morales had to leave the jungle for a year to translate the New Testament into the Tzeltal language. When he returned, the pre-deaconry was well under way, and there were more requests for the bishop to appoint people with enough authority to administer the sacraments. But the Tzeltal Assembly made the decisions.

"That was their way of thinking and those were the methods they followed. They expelled us from the Tzeltal region. But we carried out our work in other areas."

Meanwhile, the economic and political work in the jungle regions of Ocosingo and Las Margaritas was still going on.

"We do not know at what exact moment the OCEZ and the ANCIEZ, which are extremist organizations, came in and took over the northerners' movement. We learned that the northern advisers were gradually leaving. It seems that the OCEZ and the ANCIEZ are the same thing, with different names and fronts."

According to the Jesuit, there are two factions in these organizations: one very radical, and another that says it is not yet time for the armed uprising. He says that early this year, they held a meeting to resolve their differences on this matter. The order was not to separate, regardless of the outcome:

"If they decided that the time was not right yet, they would obey the order, and if the decision went the other way, everyone would pull together. And the decision was that the time was right."

[Correa] How do you know that?

[Mardonio Morales] Well, everyone knows because of what they see, and the reports people give.

[Correa] What are people saying?

[Mardonio Morales] They talk about "the organization," the OCEZ, and they say they are waiting to see how the differences are resolved.

**Disguised Organizations**

"It may be that the OCEZ and the ANCIEZ have different histories, but they have finally merged. In fact these are the masks used by the most radical ones, the *Quiptic ta Lecoptusel*, the Union of Unions, the ARICS, organizations that are more economic and social in nature. That is the way they involve people in the organization.

"They are developing as cooperatives, ejido unions, or production centers, depending on the needs of the region. And on top of this comes all the idealization of the political struggle, which is particularly violent, and the preparation for it.

"They have a network of economic and organizational advisers. That is how they keep people in line. And behind that mask, they have also organized the whole radio situation, which is how the entire jungle stays in touch. Don Samuel also contributed to that, unknowingly.

[Correa] Why was Bishop Samuel Ruiz never aware of this?

[Mardonio Morales] My personal thinking is that Don Samuel saw in all these organizations a real step forward in bettering the people's lives. He just saw the mask, not what was behind it. I think he went for the feint. In other words, he thought it was an economic and social organization based on the pastoral work of the diocese. And suddenly he realized that there was a whole military organization.

He has clearly denounced it: "In the diocese there are people who are committed to the political thing, to the armed thing. Pastoral agents who are—he never names names—committed to political matters, and that is something that I cannot accept." He has said that clearly. Now I think that the situation got away from him. But to deduce from that that he was the organizer, that is something else.

[Correa] So it was all a strategy to take advantage of the work the church had done?

[Mardonio Morales] Yes, and to gain the church's support as well. They deceived Don Samuel and others. In fact, now the priests of Ocosingo are also very alarmed, and they do not know what to do because the people tell them, "You got us into the organization, and now you are pulling out, so what is the point?"

Mardonio Morales says that there was also a great schism between Jesuits and Dominicans, and among the Jesuits themselves: "There were two diametrically opposed, irreconcilable positions. It is the people of the Torreon Group who are to blame for this fragmentation."

He emphasizes, "I think the guerrilla activities date back to that time. When you think about it, you realize how long ago they began laying the groundwork for a violent organization."

[Correa] The Torreon Group was identified with the Maoist ideology. In Peru, the same thing is happening with Shining Path [SL]. How are things taking shape in Chiapas?

[Mardonio Morales] In fact, we find that there are entire towns that may be threatened with death, although there is tremendous secrecy. One time I asked a girl in Ocosingo, "Are you going to visit your dad?" "No, it is super

dangerous over there. Everyone is armed." On another occasion, she told me, "No, well, my dad was with Father Vicente." Which one? "Well, the one who has always been with us. He was the one who started the organization."

Father Mardonio points out that there is almost total isolation in the jungle. Bishop Samuel Ruiz, aware of that fact, tried to establish communication: "The people in the 'organization' proposed that radios be given to the communities. He consented, not realizing that what they had in mind was to provide strategic resources for the guerrillas."

### * Anti-Evangelical Actions

*94CA0040D Mexico City PROCESO in Spanish No 880, 13 Sep 93 pp 14-15*

[Article by Guillermo Correa and Julio Cesar Lopez]

[Text] Chiapas Highlands—What began here in the 1970's is being repeated today with more hatred and animosity: All Indians found with a Bible other than the Roman Apostolic one, all those who stop smoking and getting drunk (as custom requires), and all those who refrain from working on their Sabbath and refuse to accept appointment to the religious posts established by the customs of the community, are being expelled from their lands, their homes, and their families.

In the last 20 years, nearly 30,000 Indians have been expelled by the caciques in their communities, who control the sale of beverages and alcohol. More than 16,000 belong to the municipal jurisdiction of San Juan Chamula. Few can flee into the Lacandon Forest or to the coffee plantations of the Soconusco, as they used to. Most now opt to move to San Cristobal de las Casas, where they have no public utilities and live in underemployment and poverty.

The people who have been expelled, who have formed the Council of Indian Representatives of the Chiapas Highlands (CRIACH), say that at the root of this supposedly religious problem are "the people of the Institutional Revolutionary Party (PRI), the state government, and the Presidency of the Republic, because out of fear of losing votes, they support the caciques who are doing the expelling. These caciques have enjoyed impunity at least since 1974."

The person who controls the sale of soft drinks and beer, they say, is Marcelino Perez Lopez. "He is the most important cacique. He has his own spy network, people who will turn you in as soon as they hear a religious hymn. As a result, everyone has to be careful."

They say that is the reason why families have been divided over religion. For example, parents do not get along well with their children who do not drink alcohol, because around here, anyone who does not drink is an Evangelist, and if the parents do not turn their children in, they will be expelled along with them. Anyone participating in the expulsion of an Evangelist is a good citizen.

Faced with this situation, they explain, Governors Jorge de la Vega Dominguez, Manuel Velasco Suarez, Absalon Castellanos Dominguez, and Patrocinio Gonzalez Garrido merely expressed helplessness.

They have little hope that Acting Governor Elmar Setzer Marseille will be able to do anything, since they consider him "just another cacique."

Thus, the war to the death that has been waged by traditional Catholic Indians against Evangelists in the region for more than two decades is heating up. As recently as 14 August of this year, the municipal president of San Juan Chamula, Domingo Lopez Ruiz, declared: "What we are going to do, now that we are approaching the year 2000, is kill all the Evangelists. We are going to behead them. We will move from one hamlet to the next."

And among the municipal agents of the 83 hamlets in the municipal jurisdiction, where more than 50,000 Chamulas live, the reaction to the measure announced by the mayor has been generally favorable. They say, "Now our president is really showing some balls."

#### Religious Barbarity

Mariano Lopez Velazquez, 58, from the hamlet of Tzoetic, municipal jurisdiction of Mitontic, Chiapas, cannot forget what happened to his group for preaching the Gospel and joining the Presbyterian Church. He says that in July 1989, they were caught reading the Bible. They were tied up and taken to the municipal seat of government, where they were insulted.

When they refused to renounce their evangelical faith, they were jailed. After receiving death threats, they joined the exodus to San Cristobal. On 25 December 1990, the Indian Affairs Coordinating Office of the state government told them they could return.

"But to our great dismay, when we arrived the president summoned people to beat us up. Our wives were stripped naked right out in the public park, and the caciques, who traditionally expel people, arrived with barbed wire and gave each woman 24 lashes.

"It was agonizing to see and hear the desperate screams of our wives, begging for mercy as the blood ran down their bodies. Even today, many of the expelled women's wounds have not yet healed. We were expelled again. Now we are going from place to place looking for somewhere to stay, begging for bread for our children. Wherever this news story appears, we ask that people remember us."

Santos Gomez Bautista, from Amatenango del Valle, says that "because we accepted faith in our Lord Jesus Christ, we were stoned in the main plaza. In my case, I was brutally beaten on the head with a soft drink bottle.

I was losing a lot of blood, but they kept hitting me in the mouth. They kept kicking me, and they broke several of my ribs. The torture continued in prison.

"From inside the jail, we could hear wailing and cries of despair. We thought they were beating our wives. When we got out, we discovered to our great surprise that all of the Evangelists' homes had been torched; the flames were consuming our possessions."

The testimony of violence and crimes perpetrated for the same reason is repeated in the municipal jurisdictions of Zinacantan, Chalchihuitan, Chenalho, Oxchuc, and Tenejapa, all of them in the highlands of Chiapas, although the phenomenon is also occurring in Tapachula and Pichucalco.

**PRI and Paganism**

A memorandum of agreement, signed in March 1992 by Lorenzo Perez Jolote, who was then municipal president of San Juan Chamula, reveals the political background of the expulsions. It states that anyone who professes a religion other than Catholicism will be prevented from entering or returning to their communities.

"Because in San Juan Chamula, we are all Catholics by tradition, dating back a great many years, just as in the political parties of the government of the republic we have been 100 percent PRI supporters. Since ancient times, and at present, we have always tried to maintain all of the traditions involving the adoration of our God and the veneration of our saints."

Accepting the return of the expelled people, the document explains, would hinder the functioning of the municipality, since "the presence of different religions or Protestantism would lead to the failure of our political party, and we are 100 percent PRI supporters, because this is the political party of our nation. We do not want to be of any other religion, nor do we want to belong to any other political division."

The document calls upon citizens to eject non-Catholics from their communities, and it "implores" government authorities to "lend a hand to help us in this matter of political divisions, to confront the Protestant religion, because San Juan Chamula is a municipality of the Institutional Revolutionary Party."

On 14 June of this year, Lorenzo Perez Jolote fell victim to his own agreement: He was removed from the office of municipal president for refusing to expel about 20 Indian families that had been jailed by the caciques because they profess the evangelical religion. He tried to put Salvador Shilon Gomez in his place, but the state legislature appointed Domingo Lopez Ruiz to the job.

In less than two months, the new mayor, with the support of the PRI, has filed 11 complaints with the State Attorney General's Office for the crimes of unlawful arrest, abuse of authority, and whatever other charges arise out of those crimes, committed against an additional 32 families who were expelled for renouncing Catholicism.

They also say that among those expelled were many members of opposition parties.

**Strictly Business**

Domingo Lopez Angel, leader of the expelled Chamulas, states that changing religions—he is a pastor in the Church of God—has benefited him a great deal: "I do not drink anymore. Now, everything I earn goes to support my family. That is why they are expelling people there in San Juan Chamula, because the caciques fear they will lose the alcohol sales."

He recalls that he had to leave his community back in 1974. "It was very violent: Our hands were tied and we were beaten and jailed. There were about 300 of us. But Bishop Samuel Ruiz did help us quite a bit; he spoke to Governor Manuel Velasco Suarez so that he would take action and save our lives. The governor sent in soldiers, and they got us out of Chamula and brought us to San Cristobal."

[PROCESO] How do they know who the Evangelists are?

[Lopez Angel] Because they offer us cigarettes and drinks. Since we do not drink or smoke anymore, they say we are Evangelists. Even if it is not true, many people have left. The orthodox Catholic religion is what rules there.

[PROCESO] And who heads the orthodox Catholics?

[Lopez Angel] Well, the priests of San Pascualito, of Tuxtla Gutierrez. They do a lot of business. They charge for everything: baptizing, sanctifying, marrying, saying mass. What the caciques sell most is beverages, candles, incense, and wine. It is a big business, because they force us to drink beer, to have a drink. When drunks fight, they throw them in jail and then charge them a fine. You have to pay a fine of 20 or 30 cases of soft drinks.

The interview takes place at Domingo's house, which is located half way up one of the hills surrounding San Cristobal, in the La Hormiga colonia, where the lack of public utilities is obvious.

He says, "I am of the Church of God, to which I have belonged since 1968. Before that, until the age of 14, I was a Catholic, and then I spent two years as a Pentecostal. The religions are nearly the same; the only difference in the scripture is that they do not respect the Sabbath. In the Bible it says that we should work six days and rest one. That is where the Catholics and other groups who do not observe the Sabbath are inconsistent. And if we look at the dictionary or the calendar, we clearly see that the first day of the week is Sunday. That is the way it is.

[PROCESO] It appears that an increasing number of Chamulas are converting to the Church of God.

[Lopez Angel] Yes. In 1982, there were more than 2,500 Evangelists, and now, out of about 50,000 inhabitants in the municipal jurisdiction, there are about 17,000 of us expelled Evangelists.

**Captive Votes**

Domingo Lopez Angel is asked, "Why, if Governor Patrocinio Gonzalez Garrido wanted to have legislation passed to avoid this problem, did he not do anything?"

He answers, "The people who are doing the expelling are very powerful. They say, 'If you throw us in jail or protect the Evangelists, then we will switch parties.' That is what the government fears, that people will abandon the Institutional Revolutionary Party (PRI)."

[PROCESO] And what party are your people in?

[Lopez Angel] Different parties. We do not know what other people have in their heads, because our struggle is only for the organization of the Indians.

[PROCESO] In San Juan Chamula, do they force you to vote for the PRI?

[Lopez Angel] We do not know whether there is voting. The presidents just gather the papers and they do it, we do not vote; we do not know what a vote is. They vote for us. That is what the government fears, losing those people. That is why it gives more protection to the caciques.

[PROCESO] And what do you think of the PRI?

[Lopez Angel] We have always seen the manipulation. I think that the officials are bad, you know? For me, the letters say PRI, and that does not offend us, but the officials are bad, they are corrupt.

The leader of the expelled Chamulas emphasizes that various presidents of the republic have been informed of their situation. "We have gone to see them, but they have not paid any attention to us. We went and marched in the Zocalo [Mexico City main square], the Hemiciclo a Juarez monument, the National Indian Institute (INI), the School of Anthropology. That was in 1984. And there has been no response. We are abandoned."

In the 18 colonias of San Cristobal de las Casas that the Indians expelled from San Juan Chamula have founded, there is total deprivation. And even though the names of Biblical cities prevail here—Monte Libano [Mount Lebanon], Belen [Bethlehem], Damasco [Damascus], Getsemani [Gethsemane]—it is best known as "Villa Miseria."

[PROCESO] And what are the chances that the new governor, Elmar Setzer, will hear you out?

[Lopez Angel] Well, we have not seen anything yet, but in fact when he was secretary of community participation, we talked to him about the expulsions. "Well, I hope there are more," he said. I do not know whether he has changed now that he is governor.

Domingo Lopez Angel recalls that then "I told Patrocinio: 'I do not know how things work here. You, sir, do not want any expulsions, but Elmar Setzer wants expulsions.' The truth is that it suits the governor's purposes, because he is selling land in the hills. He is a cacique too," says the leader.

Because of the expulsions, there have been many mass protest demonstrations in the state. During the most recent one, on Wednesday 8 September, about 150 Evangelists from San Juan Chamula took over the auditorium of the state government's Office of Indian Affairs.

They are demanding "punishment for the caciques who are expelling people and guarantees for return" to their places of origin. Arguing that they have nowhere else to go, the Indians have stated that they will stay there and cook their meals there until the government gives them a favorable solution and they can return to their communities.

## * Church Role Denied

*94CA0040E Mexico City PROCESO in Spanish No 881, 20 Sep 93 pp 27-29*

[Article by Julio Cesar Lopez and Rodrigo Vera]

[Text] San Cristobal de las Casas—"Armed activities cannot be attributed to members of this diocese in any way whatsoever," declared Gonzalo Ituarte Verduzco, general vicar of the diocese of San Cristobal de las Casas.

Surprised by the statements of Jesuit priest Mardonio Morales, published in PROCESO's No. 880, to the effect that some priests and pastoral social agents are involved in guerrilla activities in the Chiapas jungle, Ituarte Verduzco added:

"We categorically deny this situation. If anyone here chooses the path of violence, that cannot be blamed on those of us who have been preaching the Gospel, which is based on devotion, solidarity, and brotherhood. With regard to violence, the doctrine of the Catholic Church is very clear in recognizing the right of peoples to self-defense in extreme situations. But we make every effort to prevent people from reaching that extreme."

[PROCESO] Are there people who have chosen that path in Chiapas?

[Ituarte Verduzco] We are observers of the people's situation, and occasionally we hear news of that sort, reports of that nature. But since we are not eyewitnesses, we cannot take it upon ourselves to speak about situations whose magnitude and scope are unknown to us.

Interviewed in his offices in the curia of the diocese on Thursday, 16 September, amid official celebrations honoring the armed independence movement led by Father Miguel Hidalgo in 1810, Ituarte went on:

"If there are outbreaks of violence here, it is because of the neglect, the dependence on the center, and the constant violation of human rights. It would be a response to the structural violence that is a historical pattern in Chiapas. In that regard, we have remained alert and tried to find alternatives."

According to Mardonio Morales, after the Indian Congress held here in 1974, a guerrilla movement began taking shape in Chiapas, of which Bishop Samuel Ruiz was aware and in which Father Vicente Foster, Javier Vargas (a secular missionary in the parish of Ocosingo), and pastoral agents Carlos Tapia, Jorge Santiago, Chema Castillo, and Alejandro Buenrostro participated.

Ituarte Verduzco emphatically denies it: "Father Vicente Foster, for example, has not lived in Chiapas for 15 years. He went to the parish of the Dominicans in Mexicali. He may have come back here a couple of times, when the Ocosingo Mission celebrated its 25th anniversary, and about three weeks ago, when he came to drop off a document. The bishop of Mexicali can attest to what I am saying.

"Javier Vargas also left the diocese many years ago. Because he has friends in San Cristobal, he visits there occasionally; he even adopted a Tzeltal child. He is an honorable, very capable man with a great spirit of service."

[PROCESO] And what about the pastoral agents?

[Ituarte Verduzco] They are extremely worthy people. Three of them have been very dear friends of mine since we worked together in the Tzeltal area. We are aware of their generosity and dedication. They have had nothing to do with this type of association. This may be the diocese with the closest cooperation among pastoral agents and among parishes. There is great vitality and mobility. That is why Father Mardonio's statements caused such consternation.

He added that Mardonio describes Samuel Ruiz and his associates as if they were "a flock of mental retards," deceived by radical groups that managed to infiltrate the diocese:

"Mardonio's description is an absurd fantasy: A little band of radical outsiders comes in and holds secret meetings that enable it to manipulate and deceive an entire diocese, made up of intelligent, college-educated people, including none other than Don Samuel Ruiz, whose brilliance has earned him a prominent position in the church."

Impatient and skeptical, the vicar, who has been a Dominican priest for 43 years, wondered what motives prompted the Jesuit to make these charges: "Could it be that the reporter who interviewed him falsified his statements? Could it be that because of the isolation in which he lives in his parish, he is unaware of the goings-on in the diocese? Or perhaps he imprudently tried to defend the bishop in a strange way." And he answered his own question: "I do not know. It is difficult for me to believe that he would speak that way about his own brothers in the church, his own bishop, whom he described in very unfavorable terms. Ecclesiologically, we had differences with him about how to strengthen the church. But it was not enough to justify his doing this."

The same day as the interview with the reporters, Ituarte Verduzco summoned Mardonio to come in and clear up his doubts if possible. But Mardonio did not come. He left for Mexico City to meet with Samuel Ruiz, who, according to the vicar, was participating in some spiritual exercises and did not want to comment on the case.

According to Mardonio, these are the main "ideologizing" groups that infiltrated the diocese and laid the groundwork for the Chiapas guerrillas: Emiliano Zapata Peasant Organization (OCEZ), Emiliano Zapata National Independent Peasant Alliance (ANCIEZ), Socialist Workers Party (PST), Rural Associations of Collective Interest (ARICS), made up of the National Union of Autonomous Regional Peasant Organizations (UNORCA), and *Quiptic ta Lecubtusel.*

All of them, he contended, were influenced by the northern group People's Politics, also known as Proletarian Line, whose leaders were Hugo Andres Araujo, now a PRI deputy and leader of the National Peasant Confederation (CNC), and Adolfo Orive, current training director of the CNC.

Ituarte countered: "I cannot believe that Father Mardonio, with all his years of work in the diocese, has come up with this jumble of groups, some of which have nothing to do with each other. And the worst thing of all is his crazy assertion that we are allied with them. We merely serve the people. We do not ally ourselves with organizations or political parties.

"It is true that several groups and political parties have operated here; they have brought their various proposals and plans of action. In addition, there is the Independent Central Organization of Agricultural Workers and Peasants (CIOAC). Even the National Indian Institute (INI) has had tremendous influence in the region. But the diocese, firmly and openly, has always remained apart from them, denouncing the injustices perpetrated on the people.

"I know Adolfo Orive. He certainly was here in Chiapas. He promoted credit unions. I accompanied the peasants when they held talks with him. But the rest is unknown to me. I do not know what he has done as an official."

[PROCESO] What was the diocese's purpose in installing a radio network, which Mardonio says is used by the guerrillas?

[Ituarte Verduzco] Very simple. In view of the enormous distances and the terrible roads, which are washed out with the first rains, Don Samuel began introducing radios to the pastoral agent missions. The idea worked. We saw that it also helped the Indians who lived in

remote areas of the jungle and needed to communicate in emergencies, like when someone was gravely ill.

Thus, the diocese helped them get battery-operated CB radios. It was a tremendous benefit that allowed for rapid and effective communication. This started 10 or 12 years ago. Don Samuel and I were even in the first community, in the Ocosingo area, where the first radio was used. It is not our fault if someone uses them for other purposes.

Ituarte Verduzco, who was a parish priest in Ocosingo for 10 years, founded the Fray Bartolome de las Casas Human Rights Center in March 1989, and became general vicar of the diocese last year, stated:

"Mardonio takes the events out of context, out of time, and sows confusion. And finally, he projects a completely distorted and false image of the diocese. This will increase the slur campaign against us. The most painful thing is that it is a Jesuit friend—without knowing the precise reason—who is making these accusations."

Meanwhile, Gaston Menchaca Arias, commander of the XXXI Military Zone in San Cristobal de las Casas, swears that there are no guerrillas in the state.

"I have not seen anything. The jungle is calm, just like all of Chiapas."

## Belize

### Prime Minister Says Conspiracy To Oust Him Exists

*PA0912014693 Mexico City NOTIMEX in Spanish 2347 GMT 8 Dec 93*

[Report by Jose Luis Castillejos]

[Text] Guatemala City, 8 Dec (NOTIMEX)—Today Belizean Prime Minister Manuel Esquivel reported a conspiracy, reportedly directed by the former ruling People's United Party (PUP), to remove him from office.

Esquivel told NOTIMEX during a telephone interview that the PUP was planning to remove him from power by bribing two deputes of the ruling United Democratic Party (UDP), each of whom were offered more than $3 million. The move to buy out deputies Salvador Fernandez and Rossel Garcia would give the PUP a majority vote at the National Assembly, thus allowing them to remove Esquivel as prime minister.

Esquivel won the 1 July election and his party retained 16 seats in the parliament against the 13 seats won by the PUP. He said his government was forced to take "drastic measures" to counter the conspiracy.

He explained that the PUP was planning to "violate the constitution and change the government through corruption." The plot to overthrow Esquivel was uncovered when Belizean police received information that led them to arrest former Foreign Affairs Minister Said Muse, former Senator Winston Smiling, and Harry Courtenay. Smiling and Courtenay were arrested within the last 48 hours.

Esquivel said his government has not launched any sort of vengeance or political persecution campaign and added that those now accused of conspiracy can expect a ruling in March 1994, which is when a court will determine their responsibility in the plot. Said Musa, who was in charge of diplomatic relations during the George Price administration, was arrested 15 days ago and later released. However, he still faces charges of conspiracy and corruption.

Esquivel stressed that "they want to gain force by corrupting the deputies, and we will not stand for it." He added that those who would attack the Belizean state will feel the full force of the law. He announced that a high-level commission is investigating corruption among other politicians who were planning to bore their way into the UDP government.

Salvador Amin Figueroa, former charge d'affairs in Guatemala, called the arrests "political persecution", which led him to resign from his post on Wednesday.

Amin Figueroa told NOTIMEX that there is "political repression in Belize that is highly dangerous to the democratic system." Amin, who has been a diplomat since the Price administration, accused Esquivel of trying to destroy the opposition and executing a "high-level" policy to decapitate his political opponents. He affirmed that Belizeans are "ready to burn down the city if Esquivel continues to incarcerate such highly credible political leaders as Said Musa, who currently holds a seat in the National Assembly."

The UDP is known for its support of economic liberalization, which calls for the state to intervene in the economy only to provide infrastructure and public utilities and in activities that offer no profit for the private sector or are of public interest.

The UDP strategy between 1974 and 1984 was directed at vilifying the left-wing influence in the PUP and delaying independence until such time that Guatemala showed signs of surrendering its territorial dispute. In 1978, the UDP called for a 10-year moratorium to allow the economy to develop and the armed forces to strengthen, thus offering a viable defense for independence.

Esquivel is ruling the Caribbean nation for the second time. He governed from 1984 to 1989 after defeating his political enemy, George Price, in the general election.

## Costa Rica

### Roundup of Economic Developments 7 Dec

*PA0812161193*

[Editorial Report] The following is a compilation of reports on Costa Rican economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

Economy Minister Roberto Rojas announced on 22 November that the number of poor homes in the country has dropped by 5 percent. In 1992, 22.2 percent of the country's population was poor, and in 1993 the percentage has decreased to 17.4 percent. He reported, however, that the amount of poor in the country did increase; as in 1992 there were 673,882 poor families in the country and in 1993 their number increased to 698,753, but because the population grew faster than the number of poor, the percentage of poor families decreased.

Rojas also reported that 90,000 jobs have been created over the last two years and that, although the unemployment rate is still 4.4 percent, underemployment decreased by 8.7 percent. He also reported that extreme poverty also decreased, from 11.2 percent of the homes in the country in 1992. This year only 8.8 percent live in extreme poverty.

Rojas added that these numbers are the product of the Structural Adjustment Program being implemented in the country. (San Jose LA REPUBLICA in Spanish 23 Nov 93, p 6A)

Central Bank President Jorge Corrales has reported that the National Banking System has accumulated $1 billion worth of international reserves and that the income of private capital will gross $565 million this year. (San Jose LA REPUBLICA in Spanish 24 Nov 93, p 14A)

The Economy Ministry reported on 1 December that the inflation rate for November was 1.08 percent, thus increasing the accumulated rate to 8 percent so far this year. The inflation rate for October was .96 percent. Authorities believe that it will be easy to attain the goal of keeping inflation under the 12-percent mark this year. (Paris AFP in Spanish 0239 GMT 2 Dec 93)

## El Salvador

### UN Announces Commission To Probe Death Squads

*PA0812180193 Panama City ACAN in Spanish 1701 GMT 8 Dec 93*

[Text] San Salvador, 8 Dec (ACAN-EFE)—The UN Observers for El Salvador [Onusal] announced today that the special commission has been formed to investigate the ultrarightist "death squads" in El Salvador.

According to an Onusal communique, members of the commission include Salvadoran lawyers Jose Leandro Echeverria and Juan Jeronimo Castillo, representing the government; Human Rights Ombudsman Mauricio Molina Fonseca; and Peruvian Diego Garcia-Sayan, director of the Onusal Human Rights Division.

According to Onusal, UN Secretary General Butrus Butrus-Ghali announced the creation of the commission, which "has an institutional nature and will seek to help the government implement the Truth Commission's recommendations to begin a thorough investigation of illegal armed groups."

### Cristiani: New Commission, Slain Officers, Escobar Family

*PA0812201293 San Salvador Canal Dos Television in Spanish 1900 GMT 6 Dec 93*

[Report on news conference by President Alfredo Cristiani with Mauricio Funes in Ciudad Merliot on 6 December; from the "Teleprensa" program—recorded]

[Text] We are now at the sports center, which was the site of a special activity this morning organized by the Fifth Central American Games Committee. This activity was basically a tour by President Alfredo Cristiani.

President Cristiani visited the major installations of this sports center, where sports facilities will be built for the gymnastics and swimming competitions. Cristiani categorically expressed his confidence that all of these preparations will continue and will be finished before the deadline. Although Cristiani did say this morning that he does not believe all the work will be entirely completed, parts such as the green areas and areas near the installations may not be completed. All of the necessary efforts will be made and works will be carried out around the clock for the remaining time, however.

Regarding other topics, specifically national politics, this morning, President Cristiani talked about the creation of a commission that will investigate various criminal incidents carried out by the liberal armed groups; in this regard, President Cristiani said that this afternoon or tomorrow, most likely, a report with the names of the two government representatives who will integrate this commission will be handed to ONUSAL [UN Observers in El Salvador].

[Begin Cristiani recording] This commission has three major objectives. One is to organize and supervise a group that will conduct technical and scientific investigations. The members of this commission will not be doing the investigations themselves but will appoint a team of local experts that may be reinforced with foreign experts participation. [end recording]

The president stated categorically that this commission will have a six-month deadline to hand in a report based on the technical investigations that will be conducted with foreign experts. President Cristiani also talked about the murders of three officers last weekend, which the Catholic Church yesterday called an organized political crime. In this respect, President Cristiani said:

[Begin Cristiani recording] We believe that the preliminary report will indicate that the pursuit of a pickup truck, which was used to kidnap the officer and the noncommissioned officer, caused a shoot-out involving several passersby near the government palace. Those involved have already been presented before the pertinent judge. [end recording]

Just as President Cristiani said, this is a preliminary report because, according to exchange brokers, the Archbishopric's Legal Assistance Office, and witnesses, things, in actuality, were not as they were reported. The National Civilian Police and its drug traffic section are the ones responsible for the incident. Cristiani said, however, that this is a preliminary report and that a thorough investigation will be conducted later to determine who is truly responsible.

Third, but not least—the opposite is true—Cristiani told the local media and other sectors about what happened in Colombia. On Thursday of last week, he said El Salvador could grant asylum to Pablo Escobar Gaviria's family. The Colombian press took his words out of context, however.

[Begin Cristiani recording] Colombian journalists consulted us on whether El Salvador would allow Escobar's family to enter the country. This was before the confrontation that led to Escobar's death. This is what we answered at the time: If the request originates with the family, El Salvador will not consider letting them come

into the country; if the petition comes from the Colombian Government, however, the Salvadoran Government will consider the request, considering that granting it would somehow help Colombia in its struggle against drug traffic. [end recording]

### Swears In Investigative Commission

*PA0812233893 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 8 Dec 93*

[Report by Angel Iraheta]

[Text] We are here again at the Government House in San Salvador. This morning Salvadoran President Alfredo Cristiani officially swore in the commission to investigate the illegal armed groups active in El Salvador. Dr. Carlos Molina Fonseca from the Human Rights Ombudsman's Office; Dr. Diego Garcia-Sayan from the UN Observers for El Salvador, Onusal; Dr. Jose Leandro Echeverria; and Dr. Juan Jeronimo Castillo form the commission. President Cristiani reiterated that the commission enjoys full credibility and has full autonomy to carry out whatever investigations it considers necessary regarding the violent groups, which have killed two members of the Farabundo Marti National Liberation Front [FMLN] as well as members of the ruling party ARENA, the Nationalist Republican Alliance over the past few weeks.

[Begin Cristiani recording, in progress] ...Joint Commission for investigations into politically motivated illegal armed groups. Messrs. Ambassadors of the countries that support the peace process in our country; Mr. Representative of the UN Secretary General and director of the Onusal; Messrs. Representatives to the National Commission for the Consolidation of Peace, Copaz; friends from the news media:

In a brief but significant ceremony this morning the Joint Commission will be formed to investigate the existence or nonexistence in our country of politically motivated illegal armed groups. Based on the peace agreement, a Truth Commission was formed with the responsibility of making recommendations so violent incidents, such as those that affected El Salvador for many years, would no longer occur in our country. One of those recommendations was to investigate the possible existence of illegal armed groups with political motives. Based on that recommendation, the government has been working with ONUSAL to try to determine through special investigations those violent incidents that may have been politically motivated. Those efforts led to the government's formation of an interinstitutional commission to try to follow up on such incidents.

A few weeks ago violent incidents in our country generated special concern. They have, justifiably, alarmed various sectors at home and abroad that are wondering whether violence, which should be a thing of the past, is returning to our country.

In view of such incidents, especially the death of two representatives of the FMLN party and others of ARENA, the Security Council, at the UN secretary general's request, recommended that both the human rights ombudsman and the director of Onusal's human rights division help the government investigate the possible existence of politically motivated groups. [end recording]

The joint commission is empowered to do the following: organize, lead, and supervise a technical-scientific investigative group of local and foreign professionals authorized to verify respect for human rights and present to the president of the Republic and the UN secretary general a report containing conclusions and recommendations that will take into account reports received by this team. This will be a public report. The commission will work until 31 May 1994.

The ceremony was attended by President Alfredo Cristiani, Presidency Minister Oscar Santamaria, the ambassadors from Mexico, Venezuela, Spain, Colombia, and the United States, and Copaz representatives.

### Roundup of Economic Developments 7 Dec

*PA0812131593*

[Editorial Report] The following is a compilation of reports on Salvadoran economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

The Central Reserve Bank (BCR) has reported that it has granted more than 7,500 loans totaling 1.335 million colones for investments in productive activities up to 31 October 1993. It reported that 544 credits totaling more than 864 million colones were given to the industrial and agroindustrial sector; the construction sector received 6 million colones in credits. Agricultural activities received 1,118 credits amounting to 155 million colones; social development projects received 34 million colones in credits. The service sector was granted 600 loans totaling more than 100 million colones, and the micro and small business sectors received 112 million colones. (San Salvador Radio Venceremos Network in Spanish 1800 GMT 30 Nov 93)

The BCR has reported granting more than $50 million to 1,173 businessmen negatively affected by the armed conflict during the past 10 years. BCR President Roberto Orellana stated that the institution had offered refinancing, a property embargo suspension, and a reduction of interest rates to 8 percent to businessmen whose productive activities had been damaged by the civil war. Orellana said the bank will also grant new credits to the businessmen, especially those in the eastern part of the country, to allow for the recovery of production activity. Official sources have said that the country's reconstruction, which is programmed to take five years, will require at least $1.8 billion. (Mexico City NOTIMEX in Spanish 1747 GMT 1 Dec 93)

BCR spokesmen have reported that interest rates have been on a downward trend since May 1993 because the inflation rate decreased from 20 percent in 1992 to 12 percent in 1993. The source added that interest rates will continue to decrease if inflation decreases and there is economic stability in the country. (San Salvador EL DIARIO DE HOY in Spanish 1 Dec 93 p 3)

During an unscheduled news conference, Finance Minister Edwin Sagrera stated that the country is "up to date in all of the payments we have to make. Our foreign debt payments are up to date, I believe, for the first time in 16 years. We have met our obligations with everyone, in and out of the country." He reported that the country's total debt is approximately $2 billion and that the 1994 budget is 25 percent, 2 billion colones, over last year's budget and that most of the increase will be assigned to the social sector. (San Salvador Radio Cadena Central in Spanish 1230 GMT 7 Dec 93)

## Guatemala

### De Leon Carpio Vetoes 1994 Budget

*PA0912040093 Guatemala City Teleonce Television in Spanish 0100 GMT 9 Dec 93*

[From the "Telepress" newscast]

[Text] [Announcer] On the afternoon of 8 December, President Ramiro de Leon Carpio vetoed the 1994 General Revenues and Expenditures Budget approved by Congress. Thus the 1993 budget could be in effect for the next fiscal period.

The president held a news conference and said his decision was based on economic and political reasons. He said the government cannot accept a budget that it cannot comply with. De Leon Carpio added that as president of the Republic he must protect the interests of Guatemalans and prevent a group of deputies from manipulating [instrumentalizen] the nation's General Revenues and Expenditures Budget. Here is what the president said:

[Begin De Leon Carpio recording] As president of the Republic, I realize that it is necessary to make decisions that, in principle, meet the country's needs. Such is the case with Congress' recent approval of the nation's 1994 Revenues and Expenditures Budget.

I wish to explain my decision to the Guatemalan people. It is based on economic and political aspects. As for the economic aspect, the Executive Branch cannot accept a budget that has been so inflated that it will be impossible to implement. In other words, we cannot tell Guatemalans that we will increase the nation's budget by 250 million quetzales when we lack the resources unless we issue money without backing and thus generate inflation.

Our government has decided upon a policy and we even included this among the constitutional reforms, of not requesting credit from the Bank of Guatemala to finance the government. That policy will help clean up public finances. The nation's budget, as approved by Congress, violates the economic policy already established by the government.

I must act realistically and responsibly, not demagogically. The budget that the Executive Branch presented to Congress was drafted under government policy guidelines by applying austerity measures to operational expenditures. I will not complain even if, despite this, certain funds allocated to the Presidency of the Republic are reduced.

As for investments, they were structured and assigned under the guidelines of the decentralization policy and the principle of social participation to guarantee, especially through the use of development funds, that resources are channeled directly to the communities and that they in turn participate in the implementation of projects. In other words, the economic aspect of the 1994 budget had been structured under the principles of austerity and honesty to support basic government goals such as solidarity, subsidization [subsidiaridad], decentralization, and social participation.

The financial modifications introduced by certain congressional deputies not only withdrew funds by transferring them to nonpriority areas, thus affecting the original budget goals, but also exhibited many financial inconsistencies.

As for the political aspect, as president of the Republic, I must uphold my responsibility to defend the interests of Guatemalans and prevent a group of deputies from using and manipulating the nation's budget in favor of their interests. To do otherwise would be allowing them to mock the people, who are tired of these sorts of maneuvers.

In due time I thought it was necessary to support the signing of an agreement on commitments between the Executive and Legislative Branches to legally and peacefully achieve a purge of the Legislative and Judicial Branches, and that has proven to be very positive.

I am not ready, however, to accept this kind of manipulation, which, far from giving confidence to citizens, generates rejection and indignation toward an attitude and situation that cannot be defended or accepted. It is not possible to speak of the purge of a state branch and at the same time allocate more resources for it. The time will come when Guatemalans will be prepared to support a stronger, reorganized Supreme Court with their resources. That time will come when the Supreme Court is purged and there are new policies, principles, and a new working program.

Given the above, I am telling the people of Guatemala of my decision to exercise, as president of the Republic, my right to veto and thus reject Legislative Decree 43-93 sanctioning the nation's Revenues and Expenditures Budget for 1994.

In any case, should the 1993 budget continue in force, it will not prevent the Executive Branch from carrying out necessary actions to implement its programs, apply its policies, and attain the objectives it has set out. The people of Guatemala must be confident that we will not allow any actions to violate national interests. It is not a matter of defending a budget appropriation, it is a matter of defending the principles of dignity and credibility of a people who must trust their institutions and the democratic process we are building. On the contrary, this new obstacle must represent for us a new challenge to move ahead with even more strength now.

Upon submitting to the Congress the vetoed decree, the appropriate observations will be made. [end recording]

[Announcer] In another part of his statement, President Ramiro de Leon Carpio mentioned the constitutional aspects taken into account when vetoing the budget. He also provided some figures contemplated in this budget draft bill.

[Begin de Leon Carpio recording] The constitutional aspects will be explained in greater detail. For the time being, I could say that Article 237, for instance, states that Congress must earmark all special revenues for budget expansion, and its approval must meet the criteria established for the approval of the regular budget. In that regard, the requirements that our Constitution establishes to approve the budget are contained in Article 171, Paragraph B, and Article 183, Paragraph J. Said provisions establish the obligation of the Executive Branch to submit the corresponding draft bill to the Legislative Branch 120 days prior to the beginning of the corresponding fiscal year.

Notwithstanding the above, Article 40 of the decree that was vetoed today, Decree 43-93, authorized a budget expansion that did not meet the aforesaid requisites. In addition, Article 240 of the Constitution states that every law involving state investments and spending must identify the sources from which the funds destined to cover them were obtained.

In this case, an additional budget increase of 253.7 million quetzales was decreed. Even though we are talking about a budget increase, which obviously requires the allocation of new funds to cover it, only 26 million quetzales were subtracted from the amounts assigned to other areas. It represents a discrepancy and inconsistency regarding the precise sources of the funds that are to be used for the budget increase.

The aforementioned situation obviously contradicts the content of the decree, which in Article 1 establishes that the total budget will be 8.8506 billion quetzales. Article 2 states that the budget operation and public debt expenditures will be 8.9346 million, which shows a difference that is impossible to accept from a legal and technical viewpoint, especially because the principle of a balanced budget, as stipulated in Article 237 of the Constitution, is violated as there is a clear difference between revenues and expenditures.

Finally, in addition to these observations, we must point out that the budget draft sent by the Executive Branch to the Congress of the Republic is the result of a technical analysis. It takes into consideration the government's financial capability and its working plans for 1994. It shows a 28-percent social investment increase, some 2.5 billion quetzals to be used for that area. Much of that investment will be allocated to fight poverty in rural areas, which my government is determined to carry out. Any substantial change to the budget represents costs that do not adversely affect the government but the Guatemalan people, especially the poorest, most vulnerable groups in the country. [end recording]

### Roundup of Economic Developments 8 Dec

*PA0912011993*

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 8 December; source is cited in parentheses following each item.

Antonieta de Bonilla, acting Bank of Guatemala manager, reported that the Monetary Board has approved the $132 million loan granted to the country by the Inter-American Development Bank. [Guatemala City SIGLO VEINTIUNO in Spanish 30 Nov 93 p 5]

The Bank of Guatemala has reported that although the country's commercial deficit will be approximately $1 billion by the end of 1993, its exchange balance will reflect a surplus. By the end of September, Guatemala had exported $988.4 million and imported $1.895 billion. [Guatemala PRENSA LIBRE in Spanish 4 Dec 93 p 63]

Guatemala's inflation index increased by 1.31 percent during November and accrued inflation is 10.29 percent, official sources have reported. [Panama City ACAN in Spanish 2309 GMT 4 Dec 93]

## Honduras

### Roundup of Economic Developments Through 7 Dec

*PA0812165093*

[Editorial Report] The following is a compilation of reports on Honduran economic activity monitored by Panama Bureau through 7 December 1994; source follows in parentheses after each item.

Staple prices in the basic family basket have gone up considerably in the past few days. As a result, people are standing in long lines at the National Supplier for Basic Products (Banasupro) branches for slightly lower prices. (Tegucigalpa LA TRIBUNA in Spanish 2 Dec 93 p 6)

The Honduran Government has frozen basic basket product prices for the next 70 days. President Rafael Leonardo Callejas has threatened to jail everyone who

fails to obey the decree. (Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 3 Dec 93 p 4)

Evgueni Astajov, Russian ambassador to Central America, has reported that Russia intends to invest $200 million in energy-generating enterprises and industrial installations. The ambassador arrived in Tegucigalpa to meet with local and foreign businessmen to study the possibility of making joint investments in the agricultural sector. (Mexico City NOTIMEX in Spanish 2000 GMT 3 Dec 93)

On 2 December, Central Bank President Ricardo Maduro reported that accrued inflation has reached 12 percent this year, higher than last year's. (Tegucigalpa EL HERALDO in Spanish 3 Dec 93 p 5)

## Nicaragua

### Roundup of Economic Developments 7 Dec

*PA0812144993*

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

Deputy Finance Minister Rene Vallecillo admitted on 26 November that Nicaragua will record a 0-percent gross domestic product growth during 1993, which in real terms and compared to last year means the country will experience an economic retrogression. According to the deputy finance minister, after having reviewed the recent official figures, it was concluded that the economy will not experience any growth during the current year. The dismal economic results are due to the political crisis and the various conflicts that broke out throughout the year. Nevertheless, Vallecillo said that official estimates are encouraging, especially after "signs" of a possible political agreement between the government, the Sandinist National Liberation Front (FSLN), and the National Opposition Union (UNO). Growth estimates for 1994 have been set at 2.5 percent, according to information recently disclosed by Finance Minister Emilio Pereira. (Mexico City NOTIMEX in Spanish 2357 GMT 26 Nov 93)

Coffee production suffered a considerable drop—30 percent, representing 721,000 quintals for the 1992-93 cycle. Concafe (National Coffee Commission) President David Robleto said that credit restrictions, the climate, bad roads, and activities of rearmed gangs influenced the drop. Robleto criticized the government's structural adjustment policies, which affected credit demands. Most Nicaraguan coffee growers are satisfied by the improvement in coffee prices on the New York stock exchange. (Mexico City NOTIMEX in Spanish 2119 GMT 30 Nov 93)

The Esteli Chamber of Commerce reports that in 1993, 175 businesses—60 percent of the businesses that operate in the city—closed due to the economic crisis. (Managua Radio Corporacion in Spanish 2200 GMT 1 Dec 93)

The Central American Bank of Economic Integration and the Central Bank of Nicaragua signed a loan totaling $13,265,800 to bolster coffee production on 3 December. (Managua BARRICADA in Spanish 4 Dec 93 p 5)

Presidency Minister Antonio Lacayo has reported that in 1994 the government plans to request $500 million from the international community to cover the commercial deficit. The government is seeking to create 70,000 new jobs by investing in the public sector. Other loans are to be invested in coffee, livestock, and tourism. (Managua BARRICADA in Spanish 5 Dec 93 p 8)

Enrique Brenes, deputy economy and development minister, has said that shrimp farming is one of the economic activities that has been substantially developed in Nicaragua and is the country's hope in shrimp exportation, as shrimp has stable international prices. Brenes has also said that they expect the industry to grow a lot over the next three to four years. (Managua Radio Nicaragua Network in Spanish 1100 GMT 6 Dec 93)

### * Commentary Warns Against Split in FSLN

*94CA0042A Managua EL NUEVO DIARIO in Spanish 11 Nov 93 p 4*

[Commentary by Sandinists for the National Project Coordinating Committee: "A Split Among Sandinists: A Dangerous Possibility"]

[Text] Ever since we Sandinists for the National Project emerged as one line of thought and opinion within the FSLN [Sandinist National Liberation Front], we have emphasized the need to introduce far-reaching reforms into the movement for the purpose of bringing about its democratization and modernization and thereby adapt it to the new circumstances, both national and international.

Confronted with the need for change, we have insisted on abandoning the old verticalist leadership of the party, one which denies its plurality, affirms sectarianism, resorts to violence, alienates us from society as a whole, and denies the need to form alliances in order to stand up to an antidemocratic right that is rallying the remnants of Somocism.

Nor is that all. We are also facing the disturbing phenomenon of bossism, which has in the past stood in the way of any national entente because it excludes a vast majority of Nicaraguans seeking to be represented by a democratic, pluralistic Sandinism, one capable of becoming a viable alternative for Nicaraguan society as a whole. In principle, bossism, whatever its affiliation, must be opposed by Sandinists, who must put a stop to it

constitutionally. Nor it is a matter of disloyalty to the leadership of the past, but rather, of loyalty to the people of Nicaragua.

Because of the plurality that characterizes its makeup, the FSLN harbors dissension within it, a fundamental right that must be respected in a democratic party inasmuch as, without democracy, there can be no unity. Unity cannot be based on verticalism and to persist on this path is to foment division.

We Sandinists for the National Project reject any attempt to split the party because such an attempt would be an attack on the strategic interests of the people of Nicaragua, because it would exclude the FSLN from the political option for national interests, and because we have an obligation to impact any change that will enable our country to emerge from underdevelopment. We cannot accept an irresponsible division which, based on narrow self-interests, is an attack on the very existence of the FSLN.

We are appealing to people to overcome the disagreements caused by our lack of democratic experience. Any difference of opinion that is real and legitimate must be approached with maturity and high-mindedness. We Sandinists must close the door on militarism, verticalism, dogma, and violence used as an instrument of struggle.

We vigorously condemn the death threats made against Sandinist Deputies Mauricio Valenzuela, Leticia Herrera, Danilo Aguirre, Jose Leon Talavera, Carlos Zamora, and Raul Venerio, a member of the Sandinists for the National Project Coordinating Committee. Such threats are unacceptable and reveal intransigency and a rejection of the peace, democracy, and stability that we Nicaraguans so desperately need.

**Sandinists for the National Project Coordinating Committee**

Francisco de Asis Fernandez, Oscar Tellez, Raul Venerio, Julio Lopez Miranda, Gloria Gabuardi, Orlando Castillo, Antenor Ferrey, Alfredo Alaniz, Carlos Molina Oliu, and Augusto Montealegre.

## * Consensus Building Within FSLN Recommended

*94CA0042B Managua BARRICADA in Spanish 10 Nov 93 p 13*

[Commentary by Victor Hugo Tinoco]

[Text] The Sandinist movement today is made up of many groups that have rallied around very specific objectives and well-defined interests. Women, young people, small and medium-size farmers, urban and rural wage earners, employers, retired military people, unemployed settlers, and others make up the movement. This diversity and its inherent contradictions coexist and are reflected in party and institutional political structures.

Sandinism is a very broad movement within which differences in standard of living and socioeconomic status—meaning class contradictions—have become more marked. As a result, two contradictory phenomena have emerged within the Sandinist movement since 1990: On the one hand, Sandinists engaging in business have thrived, but on the other, there is ever-increasing poverty among most Sandinists in the country and cities.

Recognized experts on the processes of building a consensus in political and social organizations point to two basic elements that are needed in order to achieve such a consensus.

**Framework Agreement and Bargaining**

1. The existence of a stable, long-term agreement that will form the basis for a framework of reference for action. Rather than being more or less immutable, however, it must undergo constant revision.

2. A somewhat short-term negotiating process through which agreements are reached allowing the daily operation of the organization, complemented by the previously described framework of reference.

In the Sandinist movement, the long-term agreement is taken up in the agreement on the principles and program of the FSLN [Sandinist National Liberation Front]. The latter acts as a framework of reference and cohesive factor for the multiplicity of interests and groups.

On a daily basis, multiple processes of discussion, contradiction, and agreement lend coherence to the whole. The various social organizations and centers of partisan and government-institutional power negotiate systematically.

All of which proves that consensus and unity in Sandinism cannot depend solely on our being all alike and professing the same principles and general ideas. "We are all Sandinists," everyone claims. And yet, such a profession of faith is inadequate if not accompanied by a constant process of consensus-building in every specific conflict and at every precise point in time.

**Differences, Norms**

It does the Sandinist consensus little good for all of us to agree on the principles and program of the FSLN if, when conflicts and social struggles occur, we take up contradictory positions and if, in many cases, the positions taken by certain power sectors run counter to the specific economic and social interests of whatever group is locked in a struggle.

One recent example is the contradictory positions maintained by two sectors of Sandinism: one in favor of suspending and the other of rescinding the ITV [Vehicle Ownership Tax] in the recent general transport strike. Nor was it a mere superficial contradiction. Rather, it had arisen out of the very specific economic interests of the striking transport workers. We Sandinists were

divided and, in addition, impacted the confidence of the most impoverished sectors of Sandinism.

Another example is the current contradiction involving the privatization of public services. One sector of Sandinism favors privatizing a number of public services not given top priority, such as energy and communications, while the other opposes such privatizations. The difference has not yet been settled, and the path chosen was to introduce a bill. Once again, we appeared to be divided and impacted the trust of the impoverished masses of Sandinism which, despite massive propaganda, feel they will be affected even more by privatization.

To sum it all up: Differences and contradictions within Sandinism are normal, given the diversity of the groups comprising it. Unity and consensus will be determined by an agreement on general principles and the program, but also by the daily consensus that we manage to build on every conflict and struggle of the people.

## Panama

### Four Opposition Parties Announce Formation of Alliance

*PA0812174693 Panama City LA PRENSA in Spanish 8 Dec 93 p 1a*

[Report by Ibeth Vega G.]

[Text] Yesterday, four opposition political parties announced the formation of the first alliance that will participate in the general elections on 8 May 1994. Tomas Herrera, Civic Renewal Party president, made the announcement and said that the alliance will be formed by Solidarity, Independent Democratic Union Party (UDI), and the National Unity Mission (MUN).

In a joint statement, the four parties pledged to form what they characterized as a "great patriotic alliance for change." Others have described the alliance as the "third force."

Herrera said "it is necessary to rescue the country from the serious economic, political, social, and moral crises in which it is still immersed because it is essential to set a new course for our government, one that parts with the harmful and obsolete practices of the past and present.

According to Herrera, the four parties talked over a number of months during which they decided to broaden the negotiations bases and form the alliance. "We have found that we agree on very important issues and we believe that we should agree on certain issues to rescue the country from the situation it is in," Herrera added.

Herrera gave assurances that the coalition will grow because certain new parties have expressed an interest, based primarily on their compatibility with the four parties in the alliance. Herrera declined, nevertheless, to name the parties in question.

Also present at the event were the presidents of Solidarity, UDI, and MUN, Samuel Lewis Galindo, Jacinto Cardenas, and Jose Manuel Paredes respectively.

Meanwhile, the Solidarity president said that "we are establishing the foundations of a great alliance for change because these parties share the same social principles and the same concept of a modern state, which Panamanians are eagerly demanding, to ensure a victory for the people and for those of us whose only desire—in the country's best interest—is the social and moral improvement of our fellow Panamanians."

According to Galindo, the coalition will soon present a programmatic and electoral proposal for the 1994 elections as well as the names of its candidates. Regarding the alliance's possible presidential ticket, Galindo said that that issue has not yet been discussed, but he explained that there are a number of possible presidential candidates within the four parties in the alliance.

According to Galindo, the coalition may be joined by some of the 18 political parties in existence; he did not dismiss the possibility that the Christian Democratic Party and Papa Egoro may join.

Among the possible presidential candidates in the four parties are their respective presidents, all of whom were chosen by their convention delegates as presidential candidates for the upcoming elections.

Following the announcement of the coalition's formation, each of the political parties must hold their respective conventions prior to 8 February to approve the alliance.

### Roundup of Economic Developments 7 Dec

*PA0812144893*

[Editorial Report] The following is a compilation of reports on Panamanian economic developments monitored through 7 December; source follows in parentheses after each item.

The Planning & Economic Policy Ministry has reported that the basic market basket in Panama City has decreased 4.04 balboas. The official report states that the current basket cost is 212.28 balboas a month, which is 1 percent higher than the price of the basket last year. Another official report reveals that the levels of poverty in the country have decreased 10 percent in the past months. According to statistics, 50 percent of Panamanians live in poverty conditions, but the latest figures reveal that those levels have decreased up to 40 percent. (Panama City EL PANAMA AMERICA in Spanish 30 Nov 93 p 5a)

It was officially reported that Panama had reached an agreement for payment postponements with the International Monetary Fund and the World Bank and that those organizations will expend approximately $280 million earmarked for social works in Panama. Pedro

Chaluja, a Planning and Economic Policy Ministry official, has reported that the negotiations to extend and modify the loans with the IMF and the World Bank had been carried out by the Planning Ministry but that the agreement has to be approved by IMF and World Bank directors on 23 December. (Panama City LA PRENSA in Spanish 3 Dec 93 p 1a)

The General Consular and Ships Directorate, Secnaves, has reported that the Panamanian Merchant Marine fleet is the largest in the world, as 56.3 tons were registered under its flag, representing revenues of approximately $100 million a year, as of 1 November. Secnaves official Jose Delgado has reported that Panama had surpassed Liberia by 400,000 tons in June and that the margin had increased to 1.2 million tons in November. Panama Canal Commission sources have reported that 2,094 ships with Panamanian flags had transited the canal during the 1993 fiscal year and had left revenues of approximately $61 million. (Panama City ACAN in Spanish 2055 GMT 3 Dec 93)

Businessman Joaquin J. Vallarino, head of the Presidential Commission for Panama Canal Affairs, has warned that the Panama Canal could lose up to $90 million if the transit of ships through the waterway continues to decrease. He called on Panamanians to urgently search for alternatives to confront this possible crisis. Vallarino revealed that the rate of reduction of ships transiting the canal fluctuates between one and two percent a year. He also called for the approval of constitutional reforms on canal issues, as it would send a clear message to the world that Panamanians are prepared to effectively manage the service. (Panama City EL PANAMA AMERICA in Spanish 5 Dec 93 p 1a)

## Argentina

### Gov. Duhalde Says Menem-Alfonsin Pact 'Not Sincere'

*PY0812203093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1504 GMT 8 Dec 93*

[Excerpt] Buenos Aires, 8 Dec (NA)—Buenos Aires Governor Eduardo Duhalde stated that the agreement between President Carlos Menem and [former President] Raul Alfonsin "was not sincere" because "it is the product of convenience" for the head of the Radical Civic Union [UCR].

Duhalde said: "Alfonsin signed the pact to regain leadership in the political field, but I do not know with what conviction. I see him inflaming the UCR, doing anything to cheat us."

The governor admitted, however, that the agreement has benefited the government because "Menem also did what is good for him."

He said that although Alfonsin's image has improved thanks to the negotiations he carried out with the government, the UCR still "will have a problem" in the election of constituent assembly members because "those who are in favor of reform will vote overwhelmingly for Menem."

He added that if Alfonsin decides to run for a constituent assembly seat, "I want to be a candidate against him," saying in advance that "I am not going to speak well" of the UCR leader.

In remarks to the newspaper AMBITO FINANCIERO, Duhalde said he would rather not run again for the vice presidency in 1995 because he would rather continue being a governor. [passage omitted]

## Bolivia

### Official Announces Extension of Trade Agreement With Peru

*PY0812200893 La Paz Television Nacional Network in Spanish 1700 GMT 8 Dec 93*

[Text] Foreign Minister Antonio Aranibar reported today that through an agreement signed between Bolivia and Peru it was decided to extend the economic agreement between the two countries until 1995. This is an agreement that was signed two years ago, in May 1991 to be exact.

Peru is one of the most important countries buying Bolivian products, especially nontraditional Bolivian products. This commercial agreement allows Bolivia to get about $90 million.

[Begin Aranibar recording] This decision was made official today through a note sent by Peruvian Foreign Minister Efrain Goldenberg to the Bolivian foreign minister. [end recording]

## Brazil

### Franco Signs Decree Creating Anticorruption Commission

*PY0812153393 Rio de Janeiro O GLOBO in Portuguese 7 Dec 93 p 1*

[Excerpt] On 6 December President Itamar Franco signed a decree creating a commission of notables to investigate corruption charges together with Congress. As the O GLOBO newspaper's Political Panorama column has reported, the commission will be presided over by Romildo Canhim, head of the Federal Administration Secretariat, and comprised of five members to be appointed by the president of the Republic. The decree grants broad power to the commission, which will have the authority to order suspension of contracts under suspicion of harming public interests. The commission will act in a way very similar to that of the Italian "Clean Hands Operation." [passage omitted]

### PLO Leader Qaddumi Meets President Franco

*PY0812232793 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 8 Dec 93*

[Text] President Itamar Franco has confirmed the Brazilian Government's support for the Middle East peace agreements. The president received PLO Political Department Director [title as heard] Faruk Qaddumi at Planalto Palace today.

[Begin Luiz Augusto Mendonca report from Planalto Palace] Qaddumi is in Brazil to open a PLO representational bureau. The PLO used to operate from a League of Arab States bureau. Now the Palestinians will have an independent bureau in Brazil.

During their meeting at Planalto Palace, the PLO Political Department director delivered to the president of the Republic a letter from PLO leader Yasir 'Arafat.

Brazil has always supported the PLO as the Palestinian people's legitimate representative.

President Itamar Franco asked the PLO to include the name of Tania Maruf, a Brazilian citizen being held captive in Israel, on a list of prisoners whose liberation currently is being negotiated with Israel.

At the end of the meeting with Qaddumi, President Itamar Franco extended an official invitation for Yasir 'Arafat to visit Brazil next year.

## Daily Advocates Constructive Study of U.S. Proposal

*PY0812212293 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Dec 93 p 3*

[From the "Notes and Information Page": "A New Opportunity"]

[Text] Based on a speech U.S. Vice President Al Gore gave to 5,000 Mexican students, entrepreneurs, and civic leaders, it can be concluded that the U.S. Government is preparing a diplomatic offensive aimed at establishing tighter economic ties with Latin America. Consequently, in the next few months there will be intense negotiations between Washington and the foreign ministries of the continent to prepare for the summit meeting that democratically elected governments will hold by mid-1994, as Vice President Gore reported. In the current situation, Haiti and Cuba do not qualify, while Peruvian President Alberto Fujimori—even after stamping on the Peruvian Constitution—was "democratically elected."

Any initiative aiming at promoting commercial relations and investment in the region should be welcomed. The idea Al Gore proposed in Mexico should, therefore, be comprehensively studied, instead of doing what several countries—including Brazil—did with the famous Americas' Initiative of President George Bush, which was ignored because it did not provide substantial funds, despite the fact that it was filled with promised opportunities.

Two topics can be identified after a superficial examination of the U.S. proposal. Such topics must be explained in order to clearly understand the proposal's objectives and what can be accomplished. The first topic has to with the expression "Latin America," which U.S. foreign policy itself has deprived of meaning after it began to use this expression to refer to very specific policies, like the policy in El Salvador or Haiti. If by Latin America the United States now means Mexico and its areas of economic influence, there will be nothing to talk about. It is also necessary to explain how NAFTA will be the starting point toward hemispheric understanding. NAFTA is a custom-made treaty for three countries. To expect the society of the Americas to simply abide by NAFTA requirements, about which not even a single partner has reached a consensus, would reflect an unrealistic political and economic attitude that can jeopardize the effort that has been started.

This can be the opportunity that Brazil needs to improve hemispheric trade coordination. Over the past few months, Argentine entrepreneurs have clearly expressed their unwillingness to comply with the regulations and timetables imposed by Mercosur [Common Market of the South]. This attitude combines with that of the Argentine economy minister, who has openly criticized Brazil and has advocated a privileged partnership with the United States. Considering the fragility of Mercosur, Brasilia should constructively examine any opportunity to transform relations with the United States—Brazil's biggest commercial partner—into a bridge for promoting cooperation.

## Deadline for Constitutional Amendment Proposals Extended

*PY0912110993 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 93 p A7*

[Text] Brasilia—The constitutional amendment proposal yesterday gained more elbow room with the extension of some of its deadlines. The presidents of the congressional commission in charge of the revision, Humberto Lucena (PMDB-PB) [Brazilian Democratic Movement Party—Paraiba], and of the Chamber of Deputies, Inocencio Oliveira (PFL-PE) [Liberal Front Party—Pernambuco], met with all party leaders and decided to extend the period for the presentation of constitutional amendment proposals—which was to have ended yesterday—until 14 December. The congressmen will also be able to submit amendments to these proposals until 21 December. Because a consensus was reached among the party leaders, the extension of the deadline was approved in yesterday's session of the congressional commission, despite a threat of obstruction by the PC do B [Communist Party of Brazil]. Before the meeting, Inocencio Oliveira wanted to submit a proposal that could have provoked much controversy: the postponement of the revision to 1995. He was convinced that there were no political conditions for the reform, especially because of the increasing work of the budget commission. Considering the arguments by his colleagues, who defended the revision, according to a report from a participant in the meeting, Oliveira ended up giving up his idea. "It is a good thing he gave up his idea," a more optimistic Senate leader said, feeling certain that the reform would be carried out.

It was informally agreed upon that issues deserving attention for the constitutional amendment—proposals to change the Constitution—will be treated in a plenary session only after the conclusion of work by the budget commission, so as to prevent congressmen involved in corruption from participating in the voting. Because the budget commission will not conclude its work until 17 January, the only time left available for the revision is the remainder of January, part of February (due to Carnival), and the first half of March.

The leaders also agreed to postpone work by the national Congress, the constitutional commission, the Chamber of Deputies, and the Senate—which would have concluded on the 15th—to 23 December. The year-end recess has been suspended. The leaders and the presidents of the two congressional houses will meet again on 21 December to decide whether there will be a recess or not—if yes, it will be for 10 days, until 3 January. It is most probable that all work, including that of the budget commission, will be suspended during the year-end holidays, and that special sessions be will held from 3 January to 14 February.

The postponement of the deadline for the constitutional amendment proposals, according to Oliveira, seeks to give more time for the people's amendments to reach Congress. The decision also granted more time to the PT [Workers Party], which will decide today whether to submit amendment proposals, and to all congressmen who have not yet been able to prepare their proposals in time, including those of the PDT [Democratic Labor Party], which only recently decided to participate in the work.

## Culture Minister Resigns; Controversy Over Plan Decreases

*PY0812170493 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 8 Dec 93*

[Text] The economic plan of Finance Minister Fernando Henrique Cardoso is creating controversy in the government. We have a live report by Alexandre Garcia from Brasilia.

[Begin relay] The first controversy in the government has just been resolved with the resignation of Culture Minister Jeronimo Moscardo. He will be replaced by diplomat Asdrubal de Ulyssea. A few days ago, during a meeting on the Amazon, Justice Minister Mauricio Correa and Finance Minister Fernando Henrique Cardoso had to leave in the middle of the meeting due to excess work. This is when the culture minister stood up and criticized the two ministers as if he were the president of the Republic. This is where the friction started and today he tendered his resignation, which was immediately accepted by President Itamar Franco.

Here in Congress the controversy about the plan has decreased considerably thanks to the budget CPI [Congressional Investigating Committee] because the budget cuts proposed by Finance Minister Cardoso in some way satisfy the public who want a budget reduction after the things they learned from the investigation carried out by the CPI.

Regarding the proposal to increase taxes by 5 percent, many deputies and senators believe it is only a small increase if one considers for example that 5 pecent of 25 percent will only represent 1.25 percent. Also Minister Cardoso just agreed with the president of the Chamber of Deputies to hold a meeting tomorrow at 1000 with the leaders of all parties to explain the basis of his economic plan. [end relay]

## Sao Paulo, Cuba Sign Technical-Scientific Exchange Accord

*PY0812192093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Dec 93 p B7*

[Article by Vladimir Goitia]

[Text] Havana—The governments of Sao Paulo and Cuba on 28 November signed an agreement for technical-scientific cooperation that will make it possible to exchange information in the biotechnology field to be applied to the two countries' agricultural industry. The two governments also signed a letter of intent aimed at starting negotiations to create mixed or joint-venture [two preceding words in English] enterprises. Roberto Rodrigues, the Sao Paulo agriculture and supply secretary, was in Havana last week heading a delegation of entrepreneurs from the grains, sugar cane, and dairy products cooperative industry. He said the Technical-Scientific Cooperation Protocol, as well as the letter of intent, will help intensify economic integration with Cuba.

### New Ideas

In less than a year, the Cuban Government and the workers who agreed to work in the countryside already have created more than 1,400 cooperatives. By July 1994, this number will increase to at least 2,500. To discuss the Sao Paulo Government's broad cooperative experience, Roberto Rodrigues invited Jose Oswaldo Galvao Junqueira, president of Ocesp [Sao Paulo State Cooperatives Organization] and Carol [Orlandia Region Farmers' Cooperative], and Antonio Marcos Kaluf from Coonai [National Agroindustrial Cooperative], among other entrepreneurs and cooperative leaders.

According to Cuban Agriculture Minister Alfredo Jordan Morales, Cuba began a new economic process despite the difficulties being faced by the country. "We are open to any sort of businesses, suggestions, and ideas," he said. Morales reported that Cuba wants to modify its entrepreneurial system, and that the initiative to create cooperatives "is the first step toward the changes the country wants to implement."

The Sao Paulo secretary told the minister: "Cuba is right in opening its economy, particularly in the agricultural sector, and as a result Brazilian possibilities for participating in this process will be bigger. In addition to our commercial interest, we want to take advantage of the Cubans' good training to grow together." In Rodrigues' opinion, capital is invested wherever there is good professional and technical training.

### Enzyme in Milk

According to Rodrigues, the businessmen in the delegation were especially interested in purchasing a product called Stabilax, an enzyme that ensures milk preservation for almost 72 hours before milk is cooled. This enzyme is obtained through biotechnical methods. The development of sugar cane byproducts and certain livestock vaccines also caught the attention of the Sao Paulo secretary and entrepreneurs. The agreement also contemplates exchanging semen and embryos from selected cattle from the two countries. Rodrigues promised to study the possibility of importing Cuban grapefruit, a citrus consumed heavily in the United States and Europe.

Regarding a possible association between Cuban and Brazilian companies, Rodrigues said he was interested in

installing a soybean processing plant on Cuban territory. The plant's installation, however, will depend on the conditions and guarantees Fidel Castro's administration offers Brazilian entrepreneurs, the secretary added.

### Obstacles to Agreements With Russia Noted

*PY0812214793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Dec 93 Section A p 23*

[Article by William Waack]

[Text] Moscow—The Russian reporter seemed very serious and worried. "But don't you fear our political instability?" he asked Brazilian Industry and Commerce Minister Jose Eduardo de Andrade Vieira, who visited Moscow last week and signed a trade agreement with the Russians. "Ah, my son, that is something very natural to us," the minister answered. Andrade Vieira came to Moscow knowing that on 20 December he will no longer be a minister.

On 3 December, Brazil and Russia rediscovered their tremendous potential of mutual advantages and their endless field of similarities that make relations between the two countries so promising and complicated. "Our people have very similar temperaments," the Brazilian industry and commerce minister said, venturing into social anthropology. "And while we are hiding behind promises and good intentions we are wasting many opportunities." One more of those promises is the agreement the two countries signed on 3 December in Moscow. In a well-expressed statement of good intentions, Brazil and Russia want to increase their bilateral trade to $2 billion within the next five years, which today is one-tenth of that. Although the ex-USSR's territory covers one-sixth of the earth's face—and Moscow is still the main gate for the ex-Soviet Republics—during the first 10 months of the year Brazil exported more to tiny Singapore (3 million inhabitants) than to huge Russia (148 million inhabitants). That anachronism also was discussed by Russian Minister of Foreign Economic Relations Oleg Davidov: "Brazil has many things to offer us and vice-versa, and the time has come to exploit the mutual potential."

A few steps away from the table where the two ministers were toasting, a banker involved in difficult technical negotiations with the Russians was explaining to a group of Brazilian businessmen that Russia is, in fact, an El Dorado of opportunities, but they have not yet made up the mine's map. "We have begun talks here to study an agreement between banks from the two countries, and the Russians do not know yet which bank will represent them."

Misunderstandings—Apparently the Brazilian bankers feel resentment over the "lack of greater international experience" by the Russian counterparts, and they have not yet found a common language. Businessmen with great experience in Brazilian-Russian relations have stated that internal political rivalries and disputes between the arrogant ministerial bureaucracies upset Russia—the government of which keeps controlling the main levers of foreign trade—more than the lack of clear rules to act in "international banking." [preceding two words in English] But the Russians also complain about Brazilian authorities' behavior. "Several Brazilian ministers visited Russia. They seem to be very enthusiastic, but then nothing is heard from them again," a discreet Russian diplomat said.

The complaint is also heard from Brazilian diplomats. With the change of government in Brazil and the succession of ministers, a Brazilian negotiator said: "We have no answers on vital issues. We vainly hope for some type of statement concerning difficult issues, and we feel absolutely abandoned without having anything to say to the Russians."

### Government-Congress Negotiations on Economic Plan Viewed

*PY0812232893 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 93 p B4*

[Article by Aluizio Maranhao]

[Text] Brasilia—Finance Minister Fernando Henrique Cardoso [FHC] and his team are getting ready for a difficult hand-to-hand combat with Congress in defense of the FHC-2 plan. At dinner with editors on 6 December, FHC made it clear that his main weapon in the attempt to convince a congress in crisis and without leadership is shock: "The political situation is serious; there could be a cattle stampede, and even Lula [Workers Party leader Luis Inacio da Silva] wants to talk."

Cardoso hopes that the Legislative Branch, weakened and fearful of the risk of ungovernability and hyperinflation, will accept cutting funds in the national budget, increasing taxes, and reducing the flow of federal money to the states and municipalities—endorsing the fiscal adjustment. The minister's hope will depend on many talks and media appearances in an effort to obtain support from a public that no longer believes in packages.

The minister, well aware of the customs and behavior of Congress, believes that at first the FHC-2 plan will be buried by criticisms. "There will be several sessions in which they will say it is the plan of a minister who will run for president of the Republic. The congressmen will call it recessive, but then they will fall into a vacuum and will have to say what to do." Cardoso will refuse any pure and simple rejection of his plan. Congress is in a dangerous position, according to him. And before his plan can be tied to his political future, Cardoso warns that if he needs to remain where he is, not even running for a Senate seat, he will remain.

There is very little room for negotiations with Congress. The FHC-2 plan requires a balanced budget. The Legislative Branch can even reduce the compulsory transfer of resources from states and municipalities to the federal

government, but provided that the accounts are balanced. One possibility, the minister says, is, for instance, that Congress could decide that if fiscal revenues exceed projections, the excess will be transferred to the states and municipalities. This means the parcels can be modified, provided that the final result is the same. The governors are predictable adversaries of the adjustment. The minister, however, conveyed optimism.

President Itamar Franco's behavior is another mystery. "I do not know whether he agrees with the plan point by point," he admits. "But he was kind enough to say that he trusts it and told me to implement it. Therefore, I cannot complain about the president." The minister knows that the president could cause problems, which did not take place until at least 6 December.

Since the FHC-2 plan was announced on 7 December, the attention now is focusing on Congress, which is compelled to implement the fiscal adjustment while purging corruption from its membership. There are two historical challenges within a tight political and economic timetable.

## Risks, Difficulties of Economic Plan Discussed

*PY0912010493 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 93 p A3*

[Editorial from the "Notes and Information" Page: "A Program for the Future"]

[Text] After ending his briefing on the new government program, Finance Minister Fernando Henrique Cardoso said: "This is a feasible country, it has a path to follow, and it will make it." With his words, the minister wanted to convey optimism to journalists and the leaders of Congress. The leaders, however, did not conceal the difficulties the minister will have to confront in order to have Congress approve the constitutional amendments even before the implementation of the scheduled, more substantive constitutional revision.

"Brazil wants to do something," the minister said. Taking into account this urge, the minister decided to present a program whose three phases are chained together, and the last two phases will be set in motion only if the previous phases were successful. Economic agents will no longer complain about the lack of a path: they have never had a program for such a long term. By admitting, however, that the program has no "D" Day, the minister caused—perhaps inadvertently—an even bigger uncertainty....

In fact, the "program" (a word that replaces the word "plan") will be implemented in three phases: a fiscal adjustment, which will work as an index for the system; following this, a new, noncompulsory index (expected to be gradually adopted) will be created; finally, this index will be transformed into a new currency.

It would be difficult to imagine such a democratic program because society will decide whether or not it will be approved. It can be said, however, that this is the main reason for the plan's weakness. The minister will actually have no choice if he fails to move from one phase to the next.

It should be recognized that the most difficult phase will be the first one, the ambitious expectation that Congress will back the elimination of the operational deficit, something that requires the amendment of two articles of the Constitution. It is an initiative that affects state and municipal funds in an election year and, despite the minister's remarks, entails a step backward in decentralization. The minister did not resign the 5-percent increase on all taxable percentages. This should yield additional revenue of $3.7 billion, an amount that might be comfortably compensated for with the recovery of last year's unpaid Cofins [Social Security contributions]. If the operational deficit is not eliminated—and this was made clear by the minister—it will be impossible to think of a monetary reform that will pave the way for curbing inflation. The minister also made clear that while a balanced budget is indispensable, it is insufficient for curbing inflation. It should be admitted that the program designers do not expect the inflation rate to drop immediately. Incidentally, insufficient emphasis has been attached to the fact that the budget, with its new formula, has been designed on the basis of a stable monthly inflation of 35 percent (3,564.4 [as published] percent annually!...). Only after passing on to the third phase (the transformation of the index into a new currency) will it be possible to expect true stability. We believe this will not happen before 1995. Planalto Palace's big fight will be to convince economic agents that the new index will be an efficient safeguard against the loss of purchasing power. This instrument, to be established by the Central Bank, has raised doubts. It will be calculated every day, as is currently done with the dollar rate. This Real Value Unit (URV) seems to have been created only to save appearances: National sovereignty will be safeguarded; we will not adopt the currency of a foreign country... It is true that the system permits, if necessary, modifying the exchange rate without affecting the index. The URV will be noncompulsory, but the government—which will adjust taxes and utility rates by the URV—will set the example to convince society to adopt it. For its part, the Central Bank will sell foreign currency in URV's.

The government will run a big risk: If it becomes the only URV user, it will be unable to eliminate inertial inflation and also might create a new source of public deficits. It should be noted that the program will be implemented at a time when economic agents are expecting tomorrow's inflation to be higher than today's inflation. It will not be easy to win this battle, which actually depends on several factors: the certainty that the public deficit (and not only the budget deficit) will be eliminated; that an agreement will be reached with the IMF; that the new salary policy will adopt the URV, based on the average salary of the past four months, and so forth...

Only if the URV is thoroughly accepted will it be possible to take the last step, which is the decisive one: the creation of the new currency that will be as strong as the dollar. Conditions then will be appropriate for the stabilization of prices.

The finance minister has offered the nation a dream; it will be difficult to keep the nation in that euphoric condition, at least while the dream has yet to come true.

### Congress Opposes Tax Increase, Expected To Approve Cuts

*PY0912023793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 93 p B4*

[Article by Marta Salomon and Raul Pilati]

[Excerpt] Brasilia—On 7 December, the bloc leaders of the main parties represented in Congress were getting ready to negotiate on the economic plan the government has proposed, although they foresee strong opposition to the 5- percent increase in federal taxes and the cuts in federal allocations to states and municipalities. Pressured by the Congressional Investigating Committee looking into budget corruption and the size of the public deficit, bloc leaders believe Congress will cut next year's expenditures by $13 billion.

"Congress will not have the nerve to refuse this," Deputy Gustavo Krause (PFL-PE [Liberal Front Party-Pernambuco State]) summed up. According to PMDB [Brazilian Democratic Movement Party] leader Deputy Tarcisio Delgado (MG [Minas Gerais State]), "even among the most radical congressmen there is good will to approve the cuts." The leaders of the PMDB, the PFL, and the PT [Workers Party] met PSDB [Brazilian Social Democracy Party] leader Deputy Jose Serra at the latter's residence and committed themselves to coming up with alternatives to the most controversial measures that seek to reduce the public deficit, estimated at $22 billion in the 1994 budget.

"We must move into the field of arithmetic to continue our discussion," Serra said. He admitted the possibility of changing the original plan proposed by Minister Fernando Henrique Cardoso and emphasized that the approval of cuts will guarantee the success of two-thirds of the fiscal adjustment.

The finance minister talked with Chamber of Deputies Speaker Inocencio Oliveira over the phone and agreed to meet with bloc leaders on 9 December. Oliveira gave the minister an optimistic forecast. He promised to give special treatment to the various bills related to the economic plan and admitted the possibility of voting on all of them before Carnival, like the minister wants.

"Congress never refused its support for economic programs, but it cannot simply rubber stamp the measures," Serra said. There is widespread opposition to the new tax increase. Only the PT is willing to support the tax increase, although it charges that the new economic plan will "cause a recession."

The other parties agree that the way to curb inflation is by cutting the public deficit. [passage omitted]

### Military Ministers Oppose Budget Cuts

*PY0912014993 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 93 p B4*

[Article by Raul Pilati]

[Text] Brasilia—The decision by Finance Minister Fernando Henrique Cardoso to balance public accounts next year is finding opposition even before the plan reaches Congress. The ministers affected by the cuts are against the compulsory adjustment. "I do not accept this cut," Navy Minister Ivan Serpa said on 7 December. Transport Minister Alberto Goldman told his advisers that he will not sign his ministry's budget with the figures changed.

On 7 December, Planning Minister Alexis Stepanenko had a tough conversation with the military ministers: the Armed Forces staff chief, Admiral Arnaldo Leite Pereira; Army Minister General Zenildo Zoroastro; Aeronautics Minister Brigadier Lelio Viana Lobo; the military household chief, General Fernando Cardoso; and Serpa. When leaving, the military chiefs' dissatisfaction was obvious.

"My budget was cut in half," the Navy minister said. When asked whether the cuts affected expenditures as much as investments, he said: "Who said investment is provided in it?" The planning minister was also irritated by the conversation. Referring to the military complaints, he said: "We have a common chief. I do what the president of the Republic orders." The military ministers argued that the expenditures provided in their budgets are insufficient to meet their needs, and that they want an increased budget.

"We cannot work miracles. If we do not cut from one we will have to cut from another," Stepanenko said. On 7 December, Federal Budget Secretariat (SOF) experts suggested an increase in military expenditures, but no decision was made. Some experts said allotments to other organizations must be reduced to meet the military's demands.

Pressures against the budget revision are delaying the sending of the new plan to Congress and compromising the economic stabilization plan. Stepanenko must meet with the other ministers to discuss the budget.

## Chile

### Presidential Hopeful Frei Interviewed

*PY0812182293 Santiago LA TERCERA DE LA HORA in Spanish 28 Nov 93 pp 6-8*

[Interview with Coalition of Parties for Democracy presidential candidate Eduardo Frei Ruiz-Tagle by Maria Eugenia Oyarzun in Santiago on 26 November]

[Excerpts] [Passage omitted] [Oyarzun] Would you grant a pardon to General [Manuel] Contreras and Brigadier [Pedro] Espinoza if the Supreme Court were to definitely uphold the ruling sentencing them to seven and six years' imprisonment respectively for the murder of [former Foreign Minister] Orlando Letelier?

[Frei] One cannot adopt an across-the-board policy on pardons. One should settle them on a case-by-case basis according to their background. It would be most inappropriate for a candidate to voice his opinion on events that are of public knowledge without having been informed about the dossiers of the case or before the courts have concluded the proceedings.

[Oyarzun] Do you think it is good for the president of the Republic to be vested with the power to grant pardons?

[Frei] That is a very complex issue. I have been able to see it for myself in the case of my father and President [Patricio] Aylwin. It is a very delicate thing to have a person shoulder the responsibility for such a decision. If there was a legal process that dragged terribly, why should a person be weighed down by the responsibility of deciding about a person's future? In my opinion, it is unwise that a sole person should be empowered to grant a pardon. [passage omitted]

[Oyarzun] If you are elected president, how will your relations with the Armed Forces be?

[Frei] As smooth as silk and in keeping with our country's reality, respecting people's sovereignty, the authority of the president of the Republic, and the professional role of the Armed Forces. I believe that we will get along very well with each other and work together. As everyone knows, the estrangement between civilians and the military goes back years and years, practically to 1925 or 1927. A major effort has been made over the last few years and we must continue along the same lines. This entails that each knows the other well, tries to relate to the other, and that they respect each other within the framework of each one's duties.

[Oyarzun] General [Augusto] Pinochet recently stated—during the meeting of commanders in chief of the Americas' Armies—that the military were qualified people and that they should contribute to political endeavors. Do you agree with him?

[Frei] I do not approve of the military being involved in politics. Their role is very clear and it is defined in the Constitution and by law. Notwithstanding this, the executive head of state may discuss with them the subjects that he deems relevant because they are institutions of the Republic. But, obviously, I am against the Armed Forces meddling in politics.

[Oyarzun] If you are elected president, will you ask Gen. Pinochet to tender his resignation, as President Aylwin did?

[Frei] I will make that decision if I am elected president. I am going to respect the Constitution and the law, and I hold that it is a key principle that the president should be vested with the power of appointing the commanders of the Armed Forces.

[Oyarzun] You said during the presidential debate that you "would not dismantle" the Constitution. Don't you think that the amendment of the Armed Forces Organizational Law, putting an end to the irremovability enjoyed by the commanders in chief, the restructuring of the National Security Council, the elimination of appointed senators, and the modification of Constitutional Court are tantamount to "dismantling" the Constitution?

[Frei] I do not share that view. Following the 1988 plebiscite, 54 amendments to the Constitution were passed and nobody said that it was being dismantled. We have introduced several amendments over the last few years, like the municipal, regional, and others, which have not meant robbing the Constitution of its substance. In all democracies the world over, the president is vested with the power of nominating Armed Forces' commanders and that is not tantamount to dismantling anything. To request putting an end to appointed senators' mandate does not mean to scrap it either, because one of the basic tenets of a democratic system is that senators ought to be elected. I am not saying this on account of the current senators, with whom we have had very good relationships. With regard to the Constitutional Court, it is the way its members are nominated what should be changed.

[Oyarzun] And the National Security Council (CSN)?

[Frei] A consensus should be reached on how to deal with that issue. The CSN ought to have well-established powers and a balanced makeup, but it must respect the authorities established by the Constitution, the law, and popular vote.

[Oyarzun] Would you keep the constitutional provision that establishes that the Armed Forces and the Carabineros are "the guarantors of democracy"?

[Frei] The civilian society in its entirety, rather than certain sectors, is the guarantor of democracy.

[Oyarzun] If you are elected president do you foresee the possibility of governing with the center rightist sector in the future?

[Frei] We believe our coalition is sufficiently consolidated with the incorporation of independent sectors. Our political project does not include the center right. What we do wish is a democratic and loyal opposition.

[Oyarzun] I do not really understand whether your project entails increasing taxes. Could you explain this?

[Frei] We believe that the tax issue falls within the tax reform, which, been agreed, must be maintained. However, if a broad agreement is reached to create a tax—such as the proposed tax on fuel—for a certain purpose such as public, private, or fiscal investment, which in addition, would be earmarked for a specific purpose such as covering the Central Bank's debt with the Treasury, which nourishes inflation, then I would agree to it.

[Oyarzun] Do you believe Carabineros should be subject to the Defense Ministry, the Interior Ministry or both?

[Frei] Carabineros must, undoubtedly, be subject to the Interior Ministry.

[Oyarzun] Would you maintain two police forces?

[Frei] I would maintain two police forces. In the modern world, in many democracies, there are four or five police forces: traffic, financial, judicial, investigative police, etc. The more specialized they become the greater the diversification. Therefore, I do not see the possibility of the two police forces merging.

[Oyarzun] But are you in favor of creating the other type of police forces that exist in other parts of the world?

[Frei] That possibility would have to be assessed because Carabineros spend too much time performing bureaucratic tasks.

[Oyarzun] Do you believe crimes go unpunished?

[Frei] That is a slogan of the opposition. It is not true that criminals go unpunished. The trouble is that criminals have specialized and use very modern technology. The police need to become specialized to fight them.

[Oyarzun] Your campaign slogan talks about "for the new times." What are the "new times"?

[Frei] The main issue of the new times is that for the first time in 50 years there is continuity. That is what the new times are about!

[Oyarzun] In other words, continuity means new times?

[Frei] That is right. There is continuity for the first time in the past 50 years of Chilean history and this is a sign of stability. The new times mean continuity. Throughout the constitutional history of the 1925 Constitution, the incoming president has always been the strongest opponent of the outgoing president. The new times bring new concerns. Some of them are permanent such as education and health, but some are new such as the modernization of the state apparatus, the preservation of the environment, infrastructure, the role of women in Chilean society, etc.

[Oyarzun] Do you prefer the president to have the responsibility of appointing the members of the Armed Forces high command? Don't you think this could mean politicizing the Armed Forces? I am asking you this question because of the government's veto against General Jorge Ballerino...

[Frei] I do not know the details of this case, but believe that within the legal framework, the president must have the power to appoint the commanders of the Armed Forces.

[Oyarzun] Will there be any women in your cabinet if you are elected?

[Frei] I believe that women must have access to any job in the country. The latest census reveals that one-third of the working force is made up of women and that 25 percent of the heads of family in the urban regions are women.

[Oyarzun] All economic indicators point to a warning for the Chilean economy. Do you hold that same view?

[Frei] If, on the one hand, one analyzes Chile's foreign trade figures, it is obvious that we are facing an international recession since even though the volume of our exports has been maintained at more or less the same levels, there has been some shrinkage in our export earnings, especially those derived from our commodities, due to that recession. On the other hand, there is this paradox that even though we are in a presidential year, our country has an all-time record in foreign investments, which add up to 28 percent. Foreign investments are going to exceed the $2 billion benchmark in the midst of an election campaign. Consequently, Central Bank reserves have increased rather than decreased. We have a trade deficit and our balance of payments position also shows a deficit, but Central Bank reserves will edge up this year and next. We have to watch carefully the issues of foreign trade, savings, and investment. Moreover, we have to realize that since we are an open economy, we are highly dependent on how other economies fare. And that entails keeping one's eyes peeled for fiscal deficit, government spending, private savings, and all macroeconomic variables, and being concerned about inflation.

[Oyarzun] Charges of corruption or administrative irregularities have been levelled at several mayors who are card- carrying members of the DC [Christian Democratic Party]. If you are elected president of the Republic, what measures are you going take if one of your aides is involved in corrupt practices?

[Frei] The problem of corruption is a crucial issue that we have to tackle head-on instead of burying our heads

in the sand. It is a present-day reality that must be resolutely routed, regardless of which party the people who commit those crimes belong to, because we are all well aware that this is not a problem of party affiliation.

Whenever corrupt practices are prevalent in a municipality, there is somebody from the private sector who is goading someone into being corrupt because the financial resources to corrupt people must come from somewhere.

I belive that one must take the utmost care when appointing officials. As for municipal authorities, they are elected by the people rather than by us. I am very much concerned by the numerous indications of corruption I have seen in municipalities. This is due to the fact the whole process for accepting tenders is not always aboveboard. Clear-cut procedures for accepting tenders for public utility services, garbage collection, etc. should be established. Municipalities are hardly audited. Hence, comptrollership and audit systems should be enhanced and the Office of the Comptroller General should be empowered to delve into their accounts.

[Oyarzun] Will it be possible to improve supervision standards?

[Frei] This leads us back to the judiciary, because what does it gain us if we bring charges of corruption against officials and the courts then take two or three years to settle the case? In these cases, swift retribution should be meted out to the offenders. This is top priority for us because in our country there has always been an honorable tradition of public service. All foreign investors and companies praise Chile because they do not have to "grease" civil servants' palms to set up shop. We are not a corrupt society, but there are indications to that effect and there are corrupt practices in both the public and private spheres.

[Oyarzun] Will you be able to maintain a supraparty government, without power-sharing "quotas" for coalition members?

[Frei] That is the only way in which the president of the Republic may exert his authority!

[Oyarzun] Are you ready to stand fast?

[Frei] Yes, I am. One cannot govern a country having a system of government such as ours unless authority is vested in the presidency.

[Oyarzun] Will you tolerate pressures by political parties?

[Frei] We have had a most amiable relationship so far, no claims have been made to me, and we have clearly established that the issues concerning the structure of the government will only be dealt with as of December if we win the election. However, everybody accepts that the president of the Republic must be empowered to name his closest aides. As for the rest, it is included in the political agreement we all signed abiding by the coalition's principles.

[Oyarzun] Have you reached an agreement with the Socialists and the PPD [Party for Democracy] for shortening the president's term of office?

[Frei] No, I have not come to any specific agreement. I have pointed out that an eight-year term is too long and that it should be shortened. What I have said is that I hope to settle this issue by 11 March. If I am successful at the polls, I am going to make every endeavor as of 12 December to have all parties reach a consensus to shorten the president's term of office. If this attempt fails, I will then have to be sworn in for the term established by the Constitution (eight years). Terms of office cannot be modified as long as the presidency lasts.

[Oyarzun] Has Gen. Pinochet been a hindrance or a help to transition to democracy?

[Frei] I believe that as long as one assumes one's responsibilities and fulfills one's specific duties in keeping with the Constitution and the law, one is contributing to the transition process. [passage omitted]

## Colombia

### Gaviria Vows To Continue Fight Against Drug Cartels

*PA0812131493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 7 Dec 93*

[Report by Sandra Vergara from the "National" newscast]

[Text] While the National Police commemorate the actions of the Search Bloc, the first quiet advances of police modernization can be seen. Few minutes ago, at a graduation ceremony of police officers at the General Santander Academy, the president of the Republic praised the job done by the Search Bloc, adding that this struggle has not ended with the death of Pablo Escobar.

[Begin Gaviria recording] We will remain alert and prevent violent people from impeding the promising future of this country. We have learned from our mistakes. We will not allow criminal organizations of any kind to take on the dimensions of terror and corruption exhibited by Escobar's cartel. [end recording]

During the ceremony, Defense Minister Rafael Pardo Rueda also highlighted the Search Bloc's fruitful efforts, and he said tranquility must return to Antioquia Department following the death of the capo.

[Begin Pardo recording] It is necessary to consolidate the job done in Medellin to allow the region to enjoy the levels of security and tranquility that were lost during the ill-remembered influence of narcoterrorism. [end recording]

Today's graduation of 124 police officers specializing in urban, rural, and judicial police work will help improve the quality of the institution. The new graduates are capable of being promoted all the way up to the post of National Police general director.

[In a related one-minute, announcer-read report at the end of this same "National" newscast, Inravision Television reports: "President Cesar Gaviria has just announced that the Search Bloc will not be dissolved following the death of Pablo Escobar. He said the Search Bloc will continue its actions against all drug cartels, including the Cali Cartel."]

### Medellin Cartel Members Moved to Bogota Amid Plot Rumors

*PA0912011493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 8 Dec 93*

[From the "NTC News" newscast]

[Text] Four members of the Medellin Cartel arrived in Bogota a few minutes ago from Itagui Maximum Security Prison. The group included El Mugre [Luis Carlos Aguilar] and El Arete [Carlos Alzate Urquijo], two of the most important chiefs in Pablo Escobar's terrorist network.

Roberto Escobar Gaviria, alias El Osito, brother of the late drug kingpin, was isolated in a special area at the same jail. Something was being planned at Itagui Prison.

Shortly before midnight, Marta Isabel Velandia, director of the Itagui Maximum Security Prison, received a fax from the Justice Ministry ordering the transfer of four Medellin Cartel members imprisoned there. The operation began at 0600. Jose Fernando Posada Fierro; Luis Carlos Aguilar, alias El Mugre; Gustavo Arrula, alias Pasarela; and Carlos Alzate Urquijo, alias El Arete, were transferred to Medellin's Olaya Herrera Airport escorted by riot control vehicles.

The inmates' wives and relatives were not informed of the transfer.

[Begin recording] [Sandra Ferrer, wife of Luis Carlos Aguilar, recording; identified by caption] I imagine that in Bogota they have no security at all, because here in Itagui they had as much security as they could get.

[Diana Alvarez, wife of Carlos Alzate Urquijo; identified by caption] He surrendered to vindicate himself so we could live in peace again. [end recording]

The four men were joined at the airport by the Valladares brothers, two Cubans who were arrested in a penthouse in the El Poblado neighborhood of Medellin with counterfeit dollars. At 1000 they were taken in a small National Police plane to Bogota. Their wives will travel there within the next few hours.

Intelligence reports received at the Prosecutor General's Office and at the General Directorate of Prisons indicate that the four men of the Medellin Cartel and Roberto, Pablo Escobar's brother, planned to reactivate the terrorist network of the late drug kingpin.

The four Medellin Cartel members and the two Cubans, the Valladares brothers, arrived in Bogota amid impressive security measures on a police plane that landed shortly before 1100.

The six men got into station wagons and were closely escorted by the police and secret agents. The caravan crossed from one side of the city to the other, from the airport to La Picota penitentiary.

The men who arrived at La Picota were Carlos Alzate Urquijo, alias El Arete; Luis Carlos Aguilar Gallego, alias El Mugre; [Jose] Fernando Posada Fierro; and Guillermo Gutierrez, alias Maxwell [name as heard]. The Valladares brothers, who have been accused of drug trafficking by the DEA, also arrived at the jail.

Colonel Gustavo Socha Salamanca, general director of prisons, made a statement at the Modelo prison:

[Begin recording] [Unidentified reporter] Colonel, will there be transfers?

[Socha] Yes, some prisoners are being moved. We will issue a communique on this. [end recording]

According to the director, the transfers were prompted by intelligence reports of a possible reactivation of the Medellin Cartel sponsored and directed from Itagui.

### ELN Leader Galan Transferred to Military Garrison

*PA0812232493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 8 Dec 93*

[From the "NTC News" newscast]

[Text] Francisco Galan, leader of the ELN [Army of National Liberation], was transferred from Modelo Prison to a military garrison last night. The prison directorate received the transfer orders early this morning.

Although the prison authorities have not explained the reasons behind the transfer, it has been unofficially reported that Galan was carrying out orders from Father [Manuel] Perez in conjunction with Ivan Urdinola and other members of the [Cali] Cartel, which is based north of El Valle Department.

The ELN chief is now being held at the Artillery School.

### Ω Pastrana Holds Rally, Responds to Critics

*94P20113*

[Editorial Report] At a 13 November rally in Medellin, Antioquia Department, Andres Pastrana, widely considered the leading candidate for the Conservative Party's presidential nomination, reportedly emphasized the

need to combat corruption and social inequality, and denied charges, recently made by Liberal Party President Julio Cesar Turbay and Liberal Party presidential hopeful Ernesto Samper, that he is trying to "disguise" his Conservative affiliation, according to EL ESPECTADOR. Pastrana defended his portrayal of his probable candidacy as one that would seek to transcend party affiliations, saying that in order to achieve goals, it is necessary to build a popular consensus, the absence of which will create "serious problems" for the country. He said further:

"I seek a national mandate. For this reason I don't like the limits of partisanism or sectarism—it clashes with my with feelings and convictions, because if there is one thing I've been, it is someone who moblizes and energizes.... I was, am, and will continue to be a Conservative. I have not distanced myself from those principles. Nor have I sacrificed my ideas, or asked anyone to sacrifice theirs.... I intend to represent all of Colombia, not just one part, not just fragments of the country, but the will of all citizens."

Reacting to his opponents' references to his silence regarding his candidacy and his views on issues, Pastrana said he has been actively soliciting views from important sectors of society, and noted that his silence and willingness to listen gives the community the opportunity to "finally" speak its mind, according to EL TIEMPO.

EL TIEMPO noted in its coverage of the rally that, in contrast to some candidates, Pastrana did not make references to his political career or past accomplishments in his talk. However, during the 45 minutes prior to his arrival on stage, slides depicting scenes from his political life—his mayoral and senatorial campaigns, and participation in congressional discussions—were flashed on a giant screen as Beatles music played in the background.

In the course of his 45-minute address to the crowd—which one report estimated at 10,000—Pastrana denied that the event constituted a launching of his candidacy, explaining that he is beginning to "open the latch, but not the door" to a possible bid for the presidency. [According to some press reports, Pastrana has indicated he may officially announce his candidacy in January.]

In his speech, Pastrana offered some reflections on national issues. Regarding public security, he said "repression and force" are not the only solutions, but that sustained development is "the best form of dialogue for confronting social subversion which generates misery and poverty." He described his presence in Medellin as "an act of faith" that the country will be able to "emerge from this dark tunnel" of violence which has taken many lives. Pastrana stressed that the struggle to achieve peace is not just a matter of fighting against insurgents and drug traffickers, but rather protecting the average citizen against other more common forms of crime which, he said, account for the highest number of deaths. He listed among the causes of the nation's violence: social inequality, loss of values, destruction of the family, the weakness of the justice system, unemployment, and poverty. For this reason, he said, "We must make social issues our priority." On the issue of corruption Pastrana said that the country had had "enough" of those "who are corrupt through action or inaction." (Santa Fe de Bogota EL ESPECTADOR 9 Nov 93 5A, 14 Nov 93 p 6A, EL TIEMPO 9 Nov 93 6A, 11 Nov 93 7A, 15 Nov 93 6A)

### * Commentary Views Samper's Attacks on Pastrana

*94SM0109A Santa Fe de Bogota EL TIEMPO in Spanish 14 Nov 93 p 4A*

[Commentary by Enrique Santos Calderon: "Samperist Humor on the Attack"]

[Text] Ernesto Samper has started to attack with humor. Trying to exploit that penchant for humor inherent in every Colombian, the liberal contender is going up with irony against the man he knows is his most serious rival.

"Speaking facetiously is the only way to speak seriously in this country," said the unforgettable Alvaro Cepeda Samudio, who knew that the best way to express harsh truths is obliquely with gentle sarcasm. Such subtleties are not always welcomed by the solemn of spirit who take themselves very seriously.

As a political weapon, though, only Lopez Michelsen has used irony with some success in recent times. Coincidentally, former President Pastrana was a frequent target of his envenomed barbs.

The political heir of the Pastrana house is now the target of Samper's humor, who has begun to portray Pastrana as "the man with the mustache," the "son of Misael," whom the liberal party has to defeat with a first round "knockout," leaving him "flattened in dreamland." He used these boxing similes at a recent campaign appearance in Moniquira; they might have gone over better in Monteria or Mompox.

The humorist phase of Ernesto the candidate marks a change from the imposing and ceremonious profile he had been displaying under the watchful eyes of his image handlers. This is a return to his true joking nature. For Ernesto Samper is easily one of the best tellers of jokes I have ever heard in this country of wits.

His sense of humor comes from his family; it flows and erupts spontaneously, at times too persistently. So I imagine that when he became a candidate he was advised to become more statesman-like and less of a humorist. It is hard to become president by telling jokes. No matter how good they may be.

But he was going to the other extreme. That stiff and cardboard-like Samper, without a hint of sly mischievousness, was not convincing, and looked like a forced

personality change. Everything suggests that the Ernesto of the past is back. "Misael's son," responding in the same vein, would certainly say so. "I never imagined my mustache was going to be a key issue in Samper's platform," retorted the "man with the mustache."

All of which brings us—perhaps for lack of a more serious discussion of ideas and issues—to the phenomenon of image. And on that false and shifting terrain that perhaps weighs more in these days of sound bites and short concepts, the liberal hopeful is at a relative disadvantage. He is at a disadvantage for a variety of reasons, ranging from being associated with the political class, his party's internal wrangling, the erosion caused by the party vote, the "ordeal" he faces with the party ethics commission (perhaps the Gneccos from the coast, also said to be relatives of the candidate?), the collapse of a capital city with a million voters governed by a liberal mayor, and on to questions of his television presence or tone of voice.

In almost all the polls, corruption is cited—after lack of security and unemployment—as one of our most serious national troubles. And many Colombians identify corruption with politicians, especially the liberals, maybe because the liberals have been in office more in recent times.

Samper has not managed to distance himself as Pastrana Junior did some time ago. Pastrana is so aware of this negative factor that he keeps away from his father. Even though the old man still pulls the strings, and Andres meets frequently and semisecretly with conservative party leaders by videoconferences.

There is no doubt that the image Pastrana projects is fresher. He has surrounded himself with a good team of young people. He does not have to submit to internal partisan votes. There is no clash between opposing factions in his movement. He has the image of having been a good mayor of Bogota.

As a master of ceremonies for the family news business, he knows how to use the camera and has a vocal timbre that contrasts with the nasal drone in which the Samperist rhetoric is usually delivered. Now for reasons of security and modernism television is replacing public appearances by candidates, in the closed world of the little screen, the "Mustache Kid" certainly puts up a good fight.

And Pastrana will feel fresh, since he has put off the official start of his campaign to 1994. He is in no hurry. He is riding high on the surge of popularity and the polls. And also, of course, on his personal appeal and charisma, which has little to do—at least for now—with his father's pompous self-sufficiency. That is why Samper is also launching his barbs against the former president. He knows that the paternal arrogance is a weak spot for Andres, where he can jab and jab.

Humor, when well done—with elegance and spice—is a high form of intelligence. It is now becoming a valid campaign weapon. For Samper it may be a useful instrument for piercing the Pastranist bubble. Useful, though not necessarily sufficient.

But that is what we are going to have. In this lack of stimulating ideas and persuasive solutions, let the jokes come. But please, make them good ones.

## Inflation Target Not To Be Met for 1993

*PA0812165993*

[Editorial Report] Santa Fe de Bogota Inravision Television Cadena 1 in Spanish at 1730 GMT on 2 December reports that the inflation target will not be met again this year. There is still a month to go before the year ends, and the accumulated inflation rate is 21.23 percent. The cost of living increased 1.29 percent during November 1993, which is much higher than the one registered for the same month last year. The reason for the rise was again the high cost of rentals, public and home services, and food.

## * ELN Summit Addresses Finances, Internal Divisions

*94WR0046Z Santa Fe de Bogota EL TIEMPO in Spanish 7 Nov 93 p 21A*

[Article by Clara Elvira Ospina]

[Text] On Monday, 25 October, an informant confirmed what the investigators in the department of military intelligence had feared for a year. One hundred ELN [Army of National Liberation] guerrillas had gathered for a national summit meeting in the northeastern part of the country.

Unlike previous guerrilla meetings, the Armed Forces had had information for more than 18 months about this meeting. However, they were not successful in preventing it.

So history repeated itself, as it did last March when the Eighth FARC [Revolutionary Armed Forces of Colombia] Conference was held. A few days after the summit meetings, the two guerrilla groups decided to publicize the "happening," and so they sent videotapes of the meetings to the media.

The details of the ELN summit, however, are still not known. The only certainty is that Father Perez, Gabino, and the commanders of the most important ELN fronts in the northeastern part of the country met for at least two days in an undetermined location in the San Lucas Mountains (in the southern part of the department of Bolivar), or in the Motilones Mountains (in Norte de Santander).

The intelligence bodies are now analyzing the information they have collected to date. What is known to be true is that the subject of the handling of finances in the

ELN and the ambitions that are beginning to divide the organization were among the priorities on the agenda of the summit meeting.

Meanwhile, the soldiers and the high commands have evidence only that the meeting was held somewhere in an operational zone of the Second Mobile Brigade, because that region is vast and very mountainous.

"We would have needed soldiers stationed just a few feet apart if we were to be able to prevent this from happening," a source highly placed in the Armed Forces told EL TIEMPO.

The military clearly remember that their advances and retreats against the ELN in an effort to prevent the summit meeting from being held began in May of last year. In that month, the intelligence analysts determined that a summit meeting was imminent. A conflict within the ELN, still not resolved, was pressuring the rebels increasingly to hold a meeting as soon as possible.

And so, then, the military operations began—actions such as the seizure of Campo Maiz, in Santa Rosa de Simiti (Bolivar). This was an operation in which in addition to weapons and ammunition, the Army seized documents laying out the ELN plans contained in the National Tactical Plan for the 1992-96 period.

Campo Maiz was the site the ELN had chosen for its meeting, and the military had found it.

**The Prevention Campaign**

The operations continued, although the ELN had not given up the idea of holding the summit meeting. Then the military decided to launch a full civic assistance campaign in that municipality. The military organized its civic brigades, and health campaigns were launched, with the command cadres in attendance.

But the ELN continued its patrols. The Second Mobile Brigade began to carry out constant operations in the zone. And then the 2,000 soldiers in the Mobile Brigade commanded by Brigadier General Agustin Ardila began to promote their slogan: "Our mission is to get rid of Father Perez and to survive the war."

In the first five months of the year, casualties in the ELN ranks reached 50. It is now believed that the ELN lost more than 65 men in this zone.

In May, after the threat of the summit meeting had grown more intense, the Army launched "Operation Destroyer" (not yet completed), in which 1,500 Mobile Brigade members are participating. The troops are distributed throughout the two mountain ranges in the departments of Bolivar and Norte de Santander. This area covers some 15,000 square kilometers.

The discovery, on 15 June of this year, of two armored dump trucks and a bulldozer in a rural Santa Rosa area raised the level of military alert again.

It is believed that the ELN adapted these three vehicles for combat, although in only primitive fashion. However, the security bodies think the objective sought was not really an armed offensive, but rather to protect the ELN guerrilla fighters who would soon be meeting at that site. But once again, Father Perez and his men had lost the opportunity to hold the summit meeting.

The tension regarding this matter was such that some investigators even ventured to say that the summit meeting had been indefinitely suspended. The reason was said to be a leg wound Father Perez had suffered during a battle between the Army and the guerrillas guarding the ELN commander in Norte de Santander.

This misfortune, then, would have prevented him from proceeding to the San Lucas Mountains for the meeting. But this hypothesis was never confirmed. What the intelligence bodies were indeed able to determine, after watching the videotape of the ELN summit meeting, was that the priest had not suffered any leg wound. The video showed him dressed in rubber boots and shorts and playing a vigorous game of soccer.

But despite the military deployment in "Operation Destroyer," the ELN held its meeting. As of the beginning of September, this guerrilla group's couriers began to scatter to the camps of the strongest fronts in the northeastern, central, and eastern parts of the country to inform the commanders that the priest wanted to see them.

The summons was for 8 October, but the location continued to be a mystery. What was learned was that the place chosen was prepared several days in advance, and that all of the members of a certain front provided security for the gathering.

The security bodies believe that the principal commanders who attended the summit meeting were those of the Domingo Lain Saenz, Camilo Torres, Luis Jose Solano Sepulveda, Armando Cacua Guerrero, and Jose Manuel Martinez Quiroz Fronts. Other fronts in the northeastern part of the country were represented by delegates with little leadership authority.

Father Perez and Nicolas Rodriguez Bautista ("Gabino") presided at the summit meeting.

**No Dialogue With Government**

According to the first analyses, the central themes discussed during the two days of the meeting were the prospects for peace talks within the terrorist strategy and the internal schism with which the organization has been dealing for several months.

As a result, according to the Army, where the armed struggle is concerned, the guerrillas reconfirmed their decision not to engage in dialogue with the government of President Cesar Gaviria.

Therefore, they said, they will not renounce the armed struggle. They will only lay down their weapons when

they have won power, and they will continue to use terrorism in their pursuit of the war.

Dialogue will only be viewed as a possible tactic for increasing military strength. The guerrilla fighters believe that for as long as the government assumes that they will engage in dialogue one day, the pressure will be relaxed and they will be able to strengthen their war apparatus.

Father Perez stated at the meeting that everyone should reconsider dialogue, "but dialogue with dignity, without rejection of the armed struggle."

The objectives in the economic sector also remained the same, and two paths were planned. On the one hand, the members of the ELN said that they do not plan to suspend their attacks on the productive structure of the country.

They will continue the terrorist attacks on electrical towers and networks and in the zones where oil and coal are extracted.

The two parallel strategies are designed to obtain greater economic resources. All of the fronts pledged to intensify the threats and extortion on all levels.

Finally, although the investigators suspect that the issue of drug trafficking was also analyzed at the national summit meeting, the guerrillas took care to avoid any indication that this subject is of concern to them in the videotapes of the meeting they provided.

**Handling of Finances**

The other priority at the summit meeting had to do with the signs of division that developed within the ELN in the past three years. These signs have become more visible in the past 18 months.

The subject of internal disagreement was the priest's handling of the money collected by the fronts in the past. The principal opposition to the strategy of concentrating all of the funds collected with the national leadership of the ELN, and then distributing them by war districts throughout the country, has been the Domingo Lain Saenz Front, the most economically powerful front in the organization.

Operating in the oil-bearing sector in Arauca and north of the Casanare, this front collects all of the monies obtained by extortion from the enterprises that extract hydrocarbons, the intelligence bodies say.

When the handling of the ELN funds was decentralized a few years ago, this front enjoyed substantial prerogatives. But following the decision by Father Perez that all of the rebels should turn over their accounts to the national leadership, this front turned in a great deal of money, but got back a very small part of it.

Therefore, at the beginning of this year, the front published a communique setting forth its rejection of the military and financial policies of Father Perez.

The rebellion developed when it was realized that the money coming from this front was being used to cover expenditures for the maintenance of relatively unproductive groups located in the departments of Choco, Valle, and Cauca.

The divisions within the ELN developing out of the desire for money have now had serious consequences. A few months ago, military sources say, the officer in charge of the finances of the Armando Cacua Guerrero Front deserted the guerrilla movement, taking with him 300 million pesos that had been obtained by extortion.

In addition, in the military sector, this front continues to maintain that dialogue cannot even be contemplated as a prospect. The members of the Domingo Lain Saenz Front say that power can be seized only by means of armed struggle.

The military authorities believe that Father Perez has, therefore, decided, in view of the schism that has developed and might be uncontrollable, to call his men to order, to speak to them about the importance of unity in the ranks, and apparently, to plan the reorganization of the command structure of the Domingo Lain Saenz Front.

In this way, he might succeed in preventing ambition from breaking the backbone of the ELN for the time being. Meanwhile, the Army is continuing its sieges.

**The FARC Summit**

Between 27 March and 3 April, about 80 FARC members gathered to hold the eighth conference of this rebel organization in a wooded part of the department of Meta.

The conditions under which the FARC summit meeting was held were amazingly similar to those characterizing the recent meeting of the ELN.

The FARC representatives met in an area near the zone where the First Mobile Brigade operates.

A few days later, the rebels sent a videocassette showing details of the meeting to the media.

Initially, the military high command denied that the FARC representatives could have come from all over the country to meet in Meta. Later, it was admitted that this had occurred. The military authorities explained the difficulties encountered in controlling the rebellion in the Llanos area, and also released some reports on the conclusions of the conference.

According to the security bodies, the FARC summit meeting rejected any possibility of dialogue with the

government, and drafted plans for continuing the organization's military actions in the zones in which the 60 fronts of that organization operate.

The FARC expanded the number of members in the secretariat to seven, to include Jorge Suarez Briceno ("El Mono Jojoy"), a man regarded as one of the most dangerous criminals in the FARC, and Efrain Guzman, commander of the group's Fifth Front.

The two new members of the secretariat have been tried in court for the crimes of murder, illegally carrying weapons, rebellion, and kidnapping.

Alfonso Cano told the front commanders present at the summit meeting that "as the text of our eighth conference makes absolutely clear, dialogue with Dr. Gaviria's government is not on our agenda."

Cano ordered the group's commanders to launch a nationwide publicity campaign to inform the people of the subversive organization's strategy where the possibility of dialogue with the government is concerned.

The FARC guerrillas, in turn, reconfirmed their intention of dealing harsh blows to the major economic groups. This would explain the kidnappings perpetrated—for example, that of which the industrialist Carlos Upegui was the victim.

## * Economic Associations Outline Concerns

### * Restraint Urged

*94SM0107A Santa Fe de Bogota EL ESPECTADOR in Spanish 2 Nov 93 pp 1, 7B*

[Article by Hector Hernandez M.]

[Text] If lack of macroeconomic restraint continues without correction, "this will negatively affect the nation's future development," as its implications for currency revaluation will automatically bring about business stagnation.

Colombia's economic associations plan to submit this report to the government. They have expressed their fears, with the hope that the businesses they represent may be able to improve their competitiveness without any outside impediments.

In a report to be sent to President Gaviria, the National Business Associations Council expresses concern about the effects of some macroeconomic policies in the short term, as well as other decisions that have an impact on prices and wages which will mean higher costs for manufacturers.

The document proceeds from the basis that, with the advances in the economic liberalization process and the trend toward declining inflation, it has now become impossible to shift cost and wage increases to consumer prices.

The document predicts that because of the new social security system, the rise in labor costs will be particularly severe in 1994, despite the gradual approach recently adopted for this new law.

The council is taking this opportunity to show President Gaviria its readiness for a national accord to boost business competitiveness.

The council's report shows that it has analyzed the budget, as the executive had recommended that it do, and it has found evidence that the higher revenues collected through the recent tax reforms have already fallen short because of the lack of an austerity policy to control spending.

Another matter that concerns the associations is the behavior of prices determined by the public sector. This year prices soared, so that, on the average, in September consumers were paying 29 percent more for public services and fuels than in 1992.

The council is aware that the new social security system will generate greater tax burdens. "It is estimated that the increase employers will pay for pensions will be a minimum of 88 percent, due to the rate increase, the change in proportionality, and the rise in the maximum ceiling of contributions."

"The health care increase will probably be 71 percent. All this will mean very high costs for business, and if they cannot be transferred to prices, they will be reflected in rising unemployment."

The document questions the example some government enterprises are setting in the area of wage increases, exceeding not only the official inflation projections, but also past increases in the price index: "Such decisions have a negative impact on the wage negotiations that the business sector has to conduct."

The document explains that a nation's competitiveness is hurt when wages—one of the principal economic costs—increase in relation to wages in other countries.

It recommends that future wage negotiations be based on the expected level of inflation and not on past inflation levels, especially when there is a sustained downward trend in the cost of living.

Labor productivity in Colombia is measured as the value added per employee.

The letter quantifies the effect of a wage adjustment for 1994, taking the new social security reform into account. "In the hypothetical case that a company raises its wages by 23 percent on 1 January 1994, this would mean additional costs of 7.6 percent, that is, a total of 30.6 percent in wage increases."

#### The Fiscal Problem

The Business Associations Council states that while a surplus in current government revenues was recorded

until June, budgeted spending is behind schedule, and in the second half of the year greater disbursements will be made.

For 1994, according to this document, taking into consideration the public spending and investments programmed, "the risks are even greater that the deficit goal may be exceeded. The major problem is that right now there appears to be no intention of slowing down the unusual rate of growth in spending shown during the present administration.

"In terms of central government spending, the 1994 budget bill contains a nominal increase equivalent to 52 percent, or 27 percent in real terms. So the central government's deficit might be 3.8 percent. Even if we assume a surplus in the rest of the public sector, in 1994 there would still be a consolidated debt of approximately 3 percent. Unless the necessary corrective steps to cut spending are taken now, a deficit of this magnitude would produce strong revaluationist pressures and increase real interest rates."

On the balance of payments, the document states that while higher capital revenues could be offset by the current deficit, and there should apparently be no excess of foreign currency in the exchange market in 1994, "it has been made clear that the adjustment in the foreign trade sector will continue to impact domestic manufacturing. This production will have to face strong competitive pressures in both local and international markets, due to high costs at the present time and delays in the creation of infrastructure and the modernization of some services that accompany foreign trade.

The Business Associations Council is taking this opportunity to question the government about its not having been able to correct the structural inefficiencies in energy sector management.

### * Hommes Responds

*94SM0107B Santa Fe de Bogota EL ESPECTADOR in Spanish 3 Nov 93 pp 1, 3B*

[Text] Without proclaiming victory, but disconcerted by skepticism concerning the gains produced by the government's inflation, employment, and fiscal policies, Finance Minister Rudolf Hommes said that no other administration has shown such important and simultaneous progress on these three economic fronts. "Claiming that there is a lack of fiscal restraint is ridiculous," he commented, criticizing those who are trying to diminish the importance of the reduction in unemployment.

Hommes noted that the fiscal deficit in the last three years has remained low. In 1990 it was 0.33 percent, in 1991 0.14 percent, in 1992, 0.25 percent, and in 1993 it will be 1 percent of the GDP [gross domestic product]. When asked about the final inflation level in 1993, he said emphatically: "It would be amazing if it reached 22.5 percent."

Concerning the lack of fiscal restraint, although Hommes noted that he has not yet officially seen the council's document, he did say that it refers to the year about to start, not 1993.

Hommes indicated that economic growth as a whole is over 4.5 percent.

"Something very odd is happening here. When things are going well, with growth above 4.5 percent, inflation under 22 percent, and unemployment being reduced, some people are starting to look for interpretations to downplay these gains," he said.

He insisted that some people want to make others believe there is a fiscal crisis.

After repeating that the fiscal deficit as a proportion of the GDP is one of the lowest in recent years, Hommes noted: "Saying there is a lack of fiscal restraint is insolent."

In comments made on RCN [National Radio Network], the minister said that the criticisms made recently by the codirector of the Bank of the Republic, Roberto Junguito Bonnet, were overly hasty.

In his opinion, former Minister Junguito Bonnet had made his diagnosis too early, without waiting for the document that technical experts are now preparing on issues related to inflation and the fiscal situation.

He said that in next Friday's session there will be a general review of macroeconomic policy, and a study of various projections for 1994 will be examined.

"Speaking of a lack of fiscal restraint is insolent."

That statement was made in relation to information this newspaper revealed about a document that the National Business Associations Council prepared in consultation with 15 economic associations. It will be submitted to President Cesar Gaviria within the next few days.

This report, to be discussed one last time at the next meeting of the business council, analyzes the possible fiscal deficit for 1994 based on the budget approved by Congress. The study was made at the government's request.

The finance minister has not yet seen this study, and, therefore, he refused to discuss it specifically.

When asked about the criticisms of fiscal management and its impact on inflation expressed by Fedesarollo [Federation for Development], ANIF [National Association of Financial Institutions], and a codirector of the Bank of the Republic, Hommes said: "I am not going to make the same mistake they did in speaking hastily about an issue the technical staff is still studying, and that we will discuss shortly."

The macroeconomic review of the 1994 goals, he said, is not being done in response to the debate that has now started, as the document was to have been ready two weeks ago.

"I am quite confident about the inflation goal for the present year," he stated.

Next he alluded to the results of the employment policy, and said that in learning the unemployment rate had fallen to 7.9 percent, "everybody became excited and questioned that number, arguing that the decline in unemployment was only happening in Bogota."

In statements to EL ESPECTADOR, the minister refrained from responding to the assessment made by the codirector of the Bank of the Republic, Roberto Junguito Bonnet, who recently said that lack of fiscal restraint was conspiring against efforts to reduce inflation.

Junguito said that Hommes had omitted to tell the nation that the growth in spending in the Gaviria administration was one of the highest in recent governments.

He also said that the minister is aware of an official study which states that there is a 61 percent possibility of not reaching the goal of 22 percent inflation in 1993.

The National Business Associations Council document agrees with Junguito that "for the consolidated public sector, spending has risen during the last three years by about 5 percent of the GDP, primarily as a result of increased spending by the national government."

"The main problem," the report adds, "is that right now there appears to be no intention of slowing down the unusual rate of growth in spending shown during the present administration."

"Even assuming a surplus for the rest of the public sector, in 1994 there would be a consolidated deficit of three percent," said the council.

## * Social Security Reform Bill Enters Final Stage

### * Chamber Begins Review

*94SM0110A Santa Fe de Bogota EL TIEMPO in Spanish 12 Nov 93 p 6B*

[Text] The Chamber of Representatives has 18 working days to determine the fate of Social Security in Colombia.

By 16 December at the latest, it must pass or table the most important bill to be introduced by the government in several years.

Although the Senate has reached agreement on fundamental issues such as the creation of private pension funds, retirement age, and an increase in the number of weeks paid in and the monthly contributions made by employers and employees, congressmen feel that some apparently innocuous items that have been introduced warrant a detailed study by the full Chamber of Representatives.

At first glance, one might think that the bill will move smoothly through the plenary session of the Chamber of Representatives, because it has already been studied by Committee Seven of that body.

Others, however, do not believe so, because of what happened in the Senate. Despite the supposed consensus, the initiative required more than a month of debate, nearly twice the amount of time the representatives have left.

The bill passed by the Senate Wednesday night includes some new articles introduced by the Health Ministry, but they do not affect the general structure of the initiative.

It is generally believed that the bill was processed in an atmosphere of considerable harmony, and the various sectors that have participated in the discussion were left satisfied.

Issues such as the inclusion of a minimum pension for rehabilitated guerrillas could cause a certain delay, however, in the passage of the bill by the Chamber of Representatives.

As EL TIEMPO has reported on numerous occasions, the Social Security bill states that as of the year 2014, the retirement age for men will go from 60 to 62 years, while the retirement age for women will go from 55 to 57 years.

To be eligible for a minimum pension, a person will have to pay in for 1,150 weeks if he is affiliated with a private fund, 1,000 weeks if he is affiliated with the Social Security Institute (ISS).

The bill creates a benefit system that will pay indigents the equivalent of half the minimum monthly wage. To meet this obligation, next year 25 billion pesos will be appropriated.

All public-sector workers will have to join a Social Security system.

Fiduciary administrative companies will be responsible for managing the funds contributed by the employees of the judicial branch.

It is feared that one of the most controversial points in the final debate on the bill in the Chamber of Representatives will be the section on health, which poses serious difficulties.

The way the health service has been set up, it appears that there is no incentive to establish the so-called Health Promotion Companies (EPS).

Spokesmen for prepaid health plans have stated repeatedly that if substantial changes are not made in the bill, especially with regard to the coverage provided under these policies, they will not participate in the business.

### * Criticism of Cost

*94SM0110B Santa Fe de Bogota EL TIEMPO in Spanish 13 Nov 93 p 2B*

[Text] Controller General of the Republic Manuel Francisco Becerra Barney warned the country of the adverse effects of Social Security reform and declared that the big trade unions such as the Social Security Workers' Union and the Workers Trade Union (USO) have come out ahead, maintaining their privileges.

"The Social Security Law is the most costly legal monstrosity we Colombians have seen in recent times," stated the overseer of public finances, who called the initiative an irresponsible act by the government.

His criticism focuses on the changes that were made in the bill once it was introduced before Congress. Committees Seven of the Senate and the Chamber of Representatives approved different conditions for workers to join private pension funds, which places these entities at a disadvantage.

Becerra Barney predicted that these funds will suffer the same fate as the unemployment funds: In two years they will face a very complicated economic situation, and they may go bankrupt.

He also criticized the role played by some business associations because they did not act quickly enough to alert the public to the risks inherent in the initiative.

"The associations' proposals were not publicized, and in a couple of weeks they are going to start tearing their hair out."

In Becerra Barney's view, if the version of the bill that emerged from the Senate plenary session is passed, major changes will have to be introduced in less than two years.

As for expanding coverage, he emphasized that this objective will not be possible, because to enter the system, informal workers will have to decide to make major financial contributions.

A person who earns the minimum wage will have serious doubts, because he will need this money to take care of more urgent necessities.

The controller also stated that the costs of Social Security reform are incalculable.

## Ecuador

### Roundup of Economic Developments 7 Dec

*PA0812160093*

[Editorial Report] The following is a compilation of reports on Ecuadoran economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

The Institute of Statistics and Census (INEC) says that the inflation rate for this month has increased, but that the annual rate has decreased. The source reported that the inflation rate for November was 1.63 percent and that the accumulated rate for this year is 30.2 percent. (Quito Cadena Ecuador Radio in Spanish 2300 GMT 1 Dec 93)

Guillermo Ortega, general director of the National Banana Program, has reported that production for this year will be greater than last year. He said that this year Ecuador will produce 2.5 million tons of bananas—100,000 tons more than in 1992. Ortega added, however, that banana prices tend to decrease. (Quito Cadena Ecuador Radio in Spanish 2300 GMT 1 Dec 93)

An INEC official has reported that the purchasing power of Ecuadoreans' salaries is improving. According to the consumer price index, the price of the basic food basket has decreased to 613,140 sucres. (Quito Voz de los Andes in Spanish 2300 GMT 3 Dec 93)

The Energy and Mines Ministry reported on 3 December that Ecuador exported between 10 and 12 tons of gold in 1993 and that it could improve its sales by up to 50 percent if exploitation techniques are modernized. The ministry added that in 1991 Ecuador exported $114.9-million worth of gold. (Paris AFP in Spanish 2117 GMT 3 Dec 93)

Government spokesmen reported on 6 December that the price of Ecuador's "oriental crude" oil fell in December to its lowest level in almost eight years, $10.63 per barrel, due to the oversupply of petroleum on the world markets. The sources termed the drop in the price as "a catastrophe" and added that it will force "severe emergency adjustments" in the 1994 budget, which had been based on an estimated price of $15 per barrel. Ecuador unilaterally broke off from OPEC at the end of 1992 and currently produces an average of 340,000 barrels per day and exports 70 percent of its production. (Hamburg DPA in Spanish 1652 GMT 6 Dec 93)

## Peru

### Roundup of Economic Developments 7 Dec

*PA0812135093*

[Editorial Report] The following is a compilation of reports on Peruvian economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

The Peruvian trade deficit between January and July of this year was $250 million, 30.4-percent less than the one recorded for the same period last year, the Central Reserve Bank reported on 29 November. (Paris AFP in Spanish 1625 GMT 29 Nov 93)

The Andean Development Corporation has approved loans for $276 million. Alfonso Bustamante, Council of Ministers president, has said that the loans will be used

to promote agricultural projects in various parts of the country, most of them in southern Peru. (Lima Global de Television Network in Spanish 0100 GMT 1 Dec 93)

Alfonso Bustamante has officially announced that the November 1993 inflation rate in Peru was 1.6 percent. The cumulative inflation rate for the first 11 months of the year stands at 36.06 percent. (Paris AFP in Spanish 1601 GMT 1 Dec 93)

Peruvian industrial production grew by 9 percent during the first 10 months of 1993 but registered a net drop in October, the Peruvian industry minister announced on 1 December. Industrial production in October 1993 was 3.9 percent higher than the same month last year, but lower than in the three preceding months. (Paris AFP in Spanish 1610 GMT 1 Dec 93)

According to the Private Investment Promotion Commission, Copri, state enterprise privatizations have yielded for the government revenues of $522.23 million since the privatization process began in May 1992. According to Copri, the sale of the Peruvian iron company, Hierro Peru, generated $120 million. (Paris AFP in Spanish 1726 GMT 1 Dec 93)

Germany and the UK will grant Peru $34.5 million to support the balance of payment and the Peruvian Government's structural reform process, according to two agreements signed on 3 December. The agreement with Germany establishes the granting of a credit for 50 million German marks, the equivalent of $30 million, while the agreement signed with the UK establishes the granting of credits for $4.5 million. (Lima Global de Television Network in Spanish 0100 GMT 4 Dec 93)

*** Jurist Ties Foreign Investment to Independent Judiciary**

[Commentary by "guest columnist" Beatriz Boza, a Peruvian citizen and member of the New York City Bar Association's Inter-American Committee: "The Importance of Judicial Reform for Foreign Investment"]

[Text] The legal reforms undertaken since 1990 and the efforts made by the government in our country to make these changes publicly known have created a great deal of interest among foreign investors, especially among those who invest in the stock market. Nevertheless, although this kind of investment is important for the strengthening of the local capital market, it is very sensitive to the overall situation and can be withdrawn with the same speed with which it entered the country. On the other hand direct investment presupposes a long-term commitment. As such, it requires the kind of guarantee required for large-scale investment projects. This emphasizes the need for an independent, competent, honest, solid, and functional judiciary.

As a result of the efforts made overseas during the past few months to explain the new investment framework in our country and, in particular, at the conference on Peru sponsored by the New York City Bar Association, we can appreciate the deep concern felt by foreign investors, bankers, lawyers, defenders of human rights, and United States professional people regarding the importance of the administration of justice in Peru. Despite the action taken by the government to eliminate corruption, concern remains regarding the independence of the judiciary, the moral integrity and professional ability of its members, the speed and openness of trials, guarantees for private property, and the validity of contracts. These concerns are obstacles in decisions made by investors, since they imply a high risk in the implementation of investment projects.

In the first place, for example, despite the fact that arbitration exists as a means of resolving disputes, the viability of this alternative depends on a judiciary capable of making the decision of the arbitrators' stand, carrying out the decision made by the arbitrators, and taking appropriate, precautionary action. Furthermore, it should not be forgotten that in reality arbitration is an effective means for resolving important, commercial disputes, but not problems affecting the family, evictions, matters of lesser importance, criminal acts, etc., which involve the majority of people.

Second, it is not enough merely to have a legal framework favorable to private investment if there is no judiciary capable of ensuring the proper application of that legal framework and of making it possible to anticipate how far the law applies.

Third, investors and society as a whole need to be certain that, despite periodic changes in government, the administration of justice is going to ensure their rights and provide for the juridical security of their investments.

Fourth, the preservation of fundamental rights, of the environment, and of labor relations requires an organization of judges and prosecutors with duly recognized, moral and professional integrity underlying their actions and which has procedures which adequately protect individual, human rights.

Finally, in view of the allegations made by international organizations regarding violations of human rights in our country and, in particular, by the United States Congress in this respect, only an autonomous and properly qualified judiciary can safeguard the image of Peru. The importance of the performance of the judiciary in terms of human rights cannot be evaded, since the concerns of foreign, governmental institutions are conditions for the complete return of Peru to the international, financial community and for the extension of new loans to our country.

Some measures could easily be taken which would contribute not only to consolidating the structural reforms carried out but also to increasing the importance of the administration of justice and to providing adequate guarantees for private investment. They include appointing a Supreme Court of outstanding prestige and moral integrity, making the arbitration of commercial

disputes obligatory, and reorganizing the administrative structure of the judiciary. In this sense it would be necessary to appoint as members of the Supreme Court lawyers of outstanding prestige and recognized, moral integrity similar to that of members of the Jurado de Honor de la Magistratura [Court of Honor of the Magistracy] to give the magistracy in this way the social preeminence which it should have. Peru has men of the law who have these qualifications.

### * Opposition Leaders Stress Need for Economic Reforms

*94SM0105B Lima LA REPUBLICA in Spanish*
*2 Nov 93 pp 2-3*

[Unattributed article: "Government Must Fix Economy and Focus on Poor"]

[Text] With the results of the referendum made public, constitutional experts and opposition spokesmen yesterday demanded that the government immediately reform its policies and effectively grant priority attention to the country's poorest sectors.

They also demanded dialogue and coordination among all the political and social sectors, as well as reform of the recently approved constitution on issues of particular sensitivity for the interests of the people.

They indicated that among those issues that should be considered are the full restitution of free education, labor stability, and modifications in the economic, agricultural, and health regimes.

Some said that the large number of No votes, which totalled almost 50 percent of the electorate, should obligate President Fujimori to abandon his pretensions for reelection.

Others said that because of the resounding support it received from the people, the opposition should consolidate its unity and look directly to the 1995 general elections.

Constitutional expert Alberto Ruiz Eldredge even went so far as to say that Ambassador Javier Perez de Cuellar should now be formally declared a candidate for president, as the banner-carrier for the opposition block.

Ruiz Eldredge invited the Government itself to propose the constitutional reforms that the people, through their vote, have demanded in order to restore to broad layers of the population several of the rights that were taken away or reduced in the text of the new constitution.

But he indicated that if the Government does not take the initiative, those modifications must be proposed and defended by the opposition. The constitutional expert stated that the Government has to be receptive to the popular mandate, reflected in almost 50 percent of the votes being No, and must immediately carry out a profound reform of its policies, which he said have led to hunger and poverty for vast sectors of the country.

"It is time to remember the poorest, who have been the direct victims of an inhuman policy implemented by the Government," he said.

Ruiz Eldredge said that another act that also should be carried out immediately by the Government is to arrange the release (via amnesty or acquittal) of the soldiers who were arrested defending the constitutional order and who now are imprisoned in the Real Felipe.

#### Tie Between David and Goliath

Congressional member Henry Pease stated, in turn, that the constitution submitted to the referendum was not legitimate because the Yes vote was not even six points greater than the No vote.

"The actual result is a big tie, despite the fact that David has fought Goliath, despite the fact that Engineer Fujimori violated all the electoral laws including that of not engaging in propaganda during the election, and despite the fact that days earlier he had blackmailed voters, threatening them with chaos and his resignation if the No vote won," he said.

"Despite all that," said Pease, "Peru's valid votes have been split into two equal parts, with more or less one-third remaining outside, for voters who either did not vote, voted blank, or submitted an invalid ballot, but who obviously did not support the Yes."

The Democratic Movement of the Left (MDI) congressman also said that in his opinion the electorate's greatest mandate is the demand for a more consensual, more cooperative constitution.

"And Fujimori," he added, "has not understood that mandate because he declared victory, forgetting that during the electoral campaign he claimed a victory of 70 to 30."

He said that President Fujimori refuses to hold a dialogue with the political and social organizations that, he said, received more than 47 percent in the referendum.

"I believe," said Pease, "that the opposition should indeed bring the message to the public, but prior to that it should demand transparency for the National Electoral College, because with such close results there will be suspicion of fraud in everyone's heads, particularly when just the day before yesterday the Government again muzzled the majority of the media so that only its points of view would be read by Peruvians."

The MDI congressman said that the opposition would always be available for dialogue and cooperation.

"But," he recalled, "there can be no democracy without respect for the electoral results and political organizations."

**Radical Change**

Gustavo Mohme, coordinator of the Civic Committee for No, also demanded that the Government radically change its policies during the transition period between now and 1995.

He also demanded significant changes in the constitution submitted to referendum, in, for example, social and economic rights, free education, effective decentralization, and respect for the autonomy of local and regional governments, no immediate re-election, abolition of the death penalty, etc.

Mohme also said that the opposition should maintain its iron-clad unity and work immediately to develop a common program and the nomination of its candidates with a view to the 1995 elections.

**Accelerate Reporting of the Results**

Popular Christian Party [PPC] spokesman Antero Flores-Araoz asked the National Electoral College to accelerate the official report on the results of the referendum.

"This," he said. "is because the longer the delay in releasing those results, the greater the insecurity and chances of manipulation of the ballot boxes and ballots, as has occurred on other occasions."

Flores-Araoz also said that so narrow a margin between the Yes and No votes obligates the Government and the opposition to seek consensus "for the good of the country."

The PPC congressman also said that it is necessary to introduce changes to the text of the constitution submitted to referendum on such issues as reelection, regionalization, the agricultural regime, the special tax regimes, and the balance of authority.

"But the changes must point in particular toward reestablishment of the State's obligations in the areas of health, education, housing, and family," he said.

Flores-Araoz claimed that in those areas, the new text of the constitution establishes a simple "development role" for the State, "but no formal obligation."

"We must also," he added, "write the laws to develop the new constitutional provisions, after the projected electoral results have been confirmed, provided that the State does not withdraw from its responsibilities in the social arena and in reestablishing the balance of authority."

The PPC representative said that as a consequence of the results of the referendum, the Government will have to end the "pride and prepotency" with which it acted throughout the constitutional debate. "This time," he said, "there are no vote distribution figures favoring them as in the elections last November, when despite receiving only 38 percent of the votes, they ended up with 55 percent of seats in Congress."

"In this referendum," he said, "things are even."

"But," he warned, "if we do the electoral arithmetic well, we will conclude that much less than 50 percent of the electorate have given their support to the new text of the constitution."

Flores-Araoz stated that the Government must understand that neither its million-dollar campaign, nor the use of State property, nor the demagogic display of Abimael Guzman, nor the reduction of the Fonavi [National Housing Fund] labor quota, nor even less the "pork-barrel" exoneration of fees for university admission examinations, "have swayed the wisdom of the people."

"The people have not let themselves be seduced with siren songs," he remarked.

"Nor," he repeated, "do the people believe that the new text of the constitution will convert the country into an efficient employment agency, as Mayor Woll said on TV, nor even less that it will eliminate the dangers that are still lurking, as Congressman Rey announced with a saintly smile," he added.

**Relative Majority**

For his part, APRA [American Popular Revolutionary Alliance] Political Committee Member Jorge del Castillo said that the new constitution has not been approved by an absolute qualified majority, but rather by a simple relative majority.

"Under these conditions," he emphasized, "the new Magna Carta would not have the required legitimacy."

"For that reason," he emphasized, "the proposed constitution will have life only so long as the Fujimori Government remains."

Del Castillo also asked the National Electoral College to quickly release the definitive results of the referendum.

He said that the unofficial results that have been released do not, in several cases, reflect the truth, but rather the manipulations of the survey firm.

He pointed to the case of Trujillo where, he said, the No wave had won, against all the predictions of the Government and those companies.

He claimed that the pollsters had considered only the main center of that northern city, but not the outlying population centers and rural areas where, he said, the No vote had won.

He said that the same happened in Ica and Cajamarca, where according to APRA reports, No also won. The APRA leader claimed that what is certain is that half the country has rejected the proposed constitution and the Fujimori Government.

"That rejection," he said, "frustrates Fujimori's pretensions at reelection."

Del Castillo said that the Government should listen to the results of the referendum and immediately make initial gestures such as a general amnesty reaching as far as the soldiers being held at the Real Felipe, to Agustin Mantilla and Jorge Idiaquez, as well as authorize the return of former populist senator Alberto Borea.

Political and social organizations should also be convened to restate their points of view, in a broad dialogue, he said.

Moreover, PUM [Mariateguist Unified Party] Leader Ricardo Letts said that as a consequence of the results of the referendum, the Government is obligated to change its line of conduct in the handling of the country.

"It is also obligated to seek mechanisms to consult with the opposition, as well as to promote parliamentary elections," he added.

"The Constituent Congress has turned out to be a lost cause," he said.

Letts expressed his concern at the possibility that the results of the referendum would be changed to save Fujimori from "complete and definitive defeat."

For that reason, PUM addressed the OAS [Organization of American States] observers, asking them to devote their "greatest attention" to monitoring the vote.

The PUM leader emphasized the "resounding" victories of the No vote in important areas of the country, particularly in the southern zone.

## * New Constitution Explained, Compared to Old

*94SM0105A Lima EL COMERCIO in Spanish*
*1 Nov 93 p A5*

[Text] A radical change in the national political structure should begin to be carried out when the new Constitution is rendered effective. This document contains various innovations with respect to the 1979 charter. Extension of the death penalty to the crime of treason in the event of war and terrorism, and immediate presidential re-election are two of the most noteworthy changes. With respect to the balance between the branches of government, it can be said that the new constitution tends to favor the executive branch, while the legislative branch has waived several powers that now accrue to the President of the Republic. The judicial branch may begin a period of loosening of the political ties that have made it enormously dependent upon the other two branches. The small margin by which the "Yes" vote won forces the Government to devote special attention to the changes called for by the opposition, which now may be presented as solid proposals for constitutional reform, and which the President of the Republic, members of congress, and 0.3 percent of the voting population may initiate.

### How Does the 1979 Charter Differ from the New Constitution?

#### 1993 Constitution

- Unicameral parliament
- Immediate presidential reelection
- Death penalty applied for treason in the event of war and terrorism
- Pre-school, primary, and secondary education are obligatory. In State institutions education is free. Free education is restricted at the State universities.
- The law grants workers protection against arbitrary dismissal.
- It eliminates the State's planning role.
- The President has the power to dissolve the congress if the latter denies the president its confidence or censures the cabinet of ministers.
- The law regulates the ways citizenship may be acquired. Those who acquire citizenship through naturalization or choice are also to be considered full Peruvian citizens, provided that they maintain residence in Peru.
- The President of the Republic approves promotions for Armed Forces generals and admirals, and National Police generals, in accordance with the proposals of each institution.
- It eliminates parliamentary approval of ambassadors named by the President of the Republic.

#### 1979 Constitution

- Bicameral congress
- Prohibits immediate presidential reelection
- There is no death penalty except for treason in case of external war.
- Education provided by the State is free at every level.
- The State recognizes the right of labor stability.
- It establishes the market social economy. The State carries out business activities.
- The President of the Republic is authorized to dissolve the Chamber of Deputies if the latter censures or denies confidence to three Ministerial Councils.
- Foreigners of legal age residing in the Republic for at least two consecutive years may acquire Peruvian citizenship.
- The Senate approves promotions of Armed Forces generals and admirals, and National Police generals and equivalent grades.
- The President of the Republic nominates ambassadors and Senate approval is required.

#### Constitutional Reform Alternatives

Opposition groups in the Democratic Constituent Congress submitted an alternate constitutional plan that has been put up for referendum. It contains a series of specific proposals that would now be set forth as modifications to the new Magna Carta. Political groups subscribing to this plan include: PPC [Popular Christian Party], FIM [Independent Front for Moralization],

MDI, CD [Democratic Convergence], FNTC [Workers and Peasants National Front], SODE [Solidarity and Democracy], and MIA.

**Social rights**

- National health system, mostly free of charge.
- Periodic readjustment of retirement pensions.
- Education completely free of charge.
- Guarantee of labor stability.

**Citizenship**

- Two years of residency to obtain Peruvian citizenship.

**Economic Regime**

- Democratic planning, obligatory for the State.
- Special regime for Amazonia.
- Priority given to the agricultural sector. Organization of a sectoral financial system and insurance for farmers.
- Balance between the branches of government
- Bicameral parliament comprised of 30 senators elected by single national district, and 90 deputies elected by multiple districts.
- Legislative term of five years, and reelections staggered by halves.
- Presidential term of five years. May only run for reelection after one interim term has passed.
- The Chief of State may be accused of violation of the constitution, corruption, or restricting the proper functioning of the Constitutional Court or the Public Defender.
- Vice presidents may speak but not vote in the Council of Ministers.
- Parliamentary control over emergency decrees.
- Judicial Branch budget no less than 3 percent of the Public Budget.

**Electoral System**

- Creation of the Civil Identification Office and National Electoral Procedures Office with directors named and dismissed by the National Electoral College.

**Armed Forces and National Defense**

- Institutionalize the National Defense Council
- Judge accusations of human rights violations in the common courts.
- Military courts comprised of retired officers.

**Decentralization and Local Governments**

- Participation of provincial mayors in the regional plan and budget.
- Regional compensation fund of no less than 10 percent of the public budget.

**The Balance of Political Power Between the Branches**

One of the subjects of greatest discussion during the constitutional debate was the lack of balance of authority between the branches, with the Executive Branch dominating the Legislative under the new Magna Carta.

**Legislative Power**

- Unicameral parliament of 120 members.
- A Permanent Commission is established, the members of which do not exceed 25 percent of the total number of members of congress.
- Lacks capacity to convene an extraordinary legislative session.
- Can name investigatory commissions on any issue of public interest and may agree to lift banking secrecy and tax reserve laws.
- Its monitoring activities are limited to indicating that the conclusions of the investigatory committees do not bind the judicial authorities.
- The Permanent Commission may name the Controller General and approve the president of the Central Bank of Reserves and the Banking and Insurance Superintendent.
- The Permanent Commission may not be dissolved. During parliamentary recesses it approves supplementary credits and budget transfers and financing.
- It renders the political responsibility of the Council of Ministers or individual ministers effective, through votes of censure or denial of confidence. The latter is established by ministerial initiative.
- The head of the cabinet may call the congress to a vote of confidence on behalf of the Council of Ministers. In the event confidence is denied or censure occurs, or the cabinet head is dismissed or removed by the President of the Republic, a total cabinet crisis ensues.
- In the event the Congress is dissolved within the terms of the constitution and elections are not held within the indicated timeframe, the dissolved Congress may meet in full authority, recovering its own powers and stripping them from the Council of Ministers. No member of the latter may be renamed minister during the remainder of the presidential term.
- It may promulgate laws if the President of the Republic does not do so.

**Executive Power**

- Possibility that the current President of the Republic may call an immediate reelection.
- The Chief of State names Armed Forces generals and admirals and National Police generals, as well as ambassadors, with no need of parliamentary approval.
- He may call Congress to a special legislative session.
- The President of the Republic has the power to dissolve Congress if the latter has censured or denied confidence to two Councils of Ministers.
- There are no restrictions on dissolving the congress,

except that this may not occur during the final year of the term.

- After dissolution and until calling elections for a new Congress, there is a period of four months during which the President of the Republic governs by decree.
- He dictates emergency decrees, backed by law, on economic and financial issues.
- The vice presidents assume functions only because of temporary or permanent impediment of the President of the Republic or when the latter leaves the country.
- It falls to the president of the Council of Ministers to be the authorized Government spokesperson, after the president.
- The President of the Council or at least one of the ministers shall attend the full sessions of Congress periodically to receive updates of issues.

**Forty-Four Regulatory Articles**

After promulgation of the new Political Constitution, responsibility shall fall to Congress to dictate no fewer than 44 regulatory laws, these being the constitutional articles covering various areas. These may not be rendered effective or be applied in any other way.

| Issue | Constitutional Article |
|---|---|
| Lifting of bank secrecy and tax reserves | Art. 2, section 5 |
| Regulation of the inviolability of the home | Art. 2, section 9 |
| Right of association and creation of foundations | Art. 2, section 13 |
| Right to work freely | Art. 2, section 15 |
| Right of citizens to elect, remove and recall officials; Right of legislative initiative and referendum | Art. 2, section 17 |
| Professional societies | Art. 20 |
| To the property of the Nation's cultural patrimony | Art. 21 |
| Protection of workers from arbitrary dismissal | Art. 27 |
| Right to union organization, collective bargaining, and strike | Art. 28 |
| Citizen's right to participate in public affairs through referendum, legislative initiative, removal and recall of officials, and demands for settling of accounts | Art. 31 |
| Law of Political Parties | Art. 35 |
| Law of Public Functions | Art. 39 |
| Defense of State interests | Art. 47 |
| Native Tongues | Art. 48 |
| Forms of acquiring or regaining citizenship | Art. 53 |
| Arbitration System | Art. 63 |
| Conditions for the use of natural resources | Art. 66 |
| Property rights | Art. 70 |
| Restriction and/or prohibition of acquisition, possession, exploitation and transfer of specific goods | Art. 72 |
| Transfer of public goods to private parties | Art. 73 |
| Procedures, exceptions and responsibilities in the contracting of public services | Art. 76 |
| Canon law: | Art. 77 |
| Monetary System of the Republic | Art. 83 |
| Obligations of and restrictions on companies who receive public savings | Art. 87 |
| Agricultural Regime. Limits and land extension | Art. 87 |
| Regulation of the Unicameral Congress | Art. 94 |
| Law of the Council of Ministers | Art. 140 |
| Law of judicial function | Art. 139 |
| Death Penalty | Art. 140 |
| Law of Peasant and Native Rounds | Art. 149 |
| Popular election of justices of the peace of the first circuit | Art. 162 |
| Organic Law of the Public Defender's Office | Art. 158 |
| National Defense System | Art. 163 |
| Manufacture, trade, possession, and use, specifically, of guns other than those purchased for war | Art. 175 |
| Electoral College Law | Art. 178 |

| Issue | Constitutional Article |
|---|---|
| Law of the National Office of Electoral Procedures | Art. 182 |
| National Identification Register and Civil Status Law | Art. 183 |
| Electoral Law | Art. 185-185 |
| Region Law | Art. 190 |
| Law of Municipalities | Art. 191 |
| Low of Habeas Data | Art. 200 |
| Law of Constitutional Court | Art. 201 |

**The New Judicial Profile**

Although it is not the ideal system, the Judicial Branch has positive aspects if the new constitution is compared to that of 1979. Problems that persist, however, include the budget and an organization that creates serious restrictions in the efficient administration of justice.

- Budget is not set.
- The National Council of Judges names judges and district attorneys.
- The Council is comprised of seven members: one elected by the Supreme Court, one by the Board of Supreme District Attorneys, one by the members of the country's Law Schools, two elected by the country's other Professional Schools in accordance with the law; one elected by the rectors of the national universities, and one elected by the rectors of the private universities.
- The Academy of Judges is responsible for the training of judges and district attorneys. Successful completion of the special studies is required by the Academy, for promotion to the rank.
- Justices of the peace are popularly elected.
- Judges and district attorneys are prohibited from participating in politics, unionizing, or striking.
- The Public Ministry is autonomous and presided over by the National Attorney. He is elected by the Board of Supreme District Attorneys. His term of office is three years and may be extended, by re-election, for only two additional terms.
- The Public Defender's Office is autonomous. The Public Defender is elected and may be removed by Congress. He enjoys the same immunity and prerogatives as members of Congress. His term of office is five years. He is not subject to imperative mandate.

**What is the Constitutional Reform Mechanism?**

The constitutional reform initiative corresponds to the following:

(a) The President of the Republic, with the approval of the Council of Ministers.

(b) Members of congress.

(c) A number of citizens equivalent to 0.3 percent of the electorate, with signatures verified by the election authorities.

Steps to take:

(a) The proposed reform has been sent for study to the Congressional Constitutional Commission. The report is submitted to consideration by the full body. An absolute majority of the legal number of members is required for approval of the reform.

(b) Then, the proposed amendment is approved by national referendum. The referendum may be omitted when the congressional approval in two successive ordinary legislative sessions is by favorable vote—in each case—of greater than two-thirds of the legal number of members of congress.

* The constitutional reform law may not be observed by the President of the Republic.

## Uruguay

### Lacalle's Visit to PRC Will Strengthen Bilateral Trade

*PY0712191993 Montevideo EL OBSERVADOR ECONOMICO in Spanish 30 Nov 93 p 4*

[Article by Leandro Pauletti from Shenzhen]

[Excerpt] President Luis Alberto Lacalle's visit to the PRC will mark the strengthening of Uruguayan trade strategy toward the Far East. This strengthening will call for increasing the number of our trade representatives in the region, President Lacalle told EL OBSERVADOR.

The strategy will be defined once the negotiations for the Uruguay Round of GATT are concluded. More than that, however, and although the PRC is not a member of GATT, this "is one of the main objectives of the Uruguayan foreign policy regarding trade," Lacalle said.

The president said that all countries in the world look toward the Far East with the intention of improving their trade relations with the region. He said that while the Australian Embassy in Beijing has 40 employees, the Uruguayan one has only four.

During a reception hosted by the Uruguayan consul to Hong Kong, Lacalle mentioned the issue and asserted that he will reorganize the Uruguayan diplomatic representation. He pointed out that there is no reason why Uruguay should have more diplomats in Peru and Ecuador than in this part of the world.

Lacalle told EL OBSERVADOR: "The proposals we have begun receiving should increase Uruguay's interest in strengthening relations with the PRC."

"We are interested in increasing not only the amount, but also the quality of Uruguayan exports to the region," he added. He reminded that Uruguay's "trade policy has been opened toward all countries" because the fact of belonging to the Common Market of the South [Mercosur] "does not mean that we have to close our eyes to the rest of the world. Very much the opposite, Mercosur is not an exclusionary organization."

As a result, he said: "The commercial aspect of Uruguayan diplomacy will be strengthened in the PRC." [passage omitted]

## Venezuela

### CSE Issues 5th Bulletin; CSE President Interviewed

*PA0912024593 Caracas Radio Caracas Television Network in Spanish 0202 GMT 9 Dec 93*

[From "The Observer" newscast]

[Text] This evening the Supreme Electoral Council [CSE] issued its fifth and penultimate official bulletin announcing the presidential election results.

[Begin unidentified speaker recording] Rafael Caldera, 1,224,948 votes, 30.53 percent; Claudio Fermin, 948,682 votes, 23.64 percent; Oswaldo Alvarez Paz, 922,210 votes, 22.98 percent; Andres Velasquez, 865,981 votes, 21.58 percent. [end recording]

Prior to the publication of this bulletin, the CSE board of directors met for over three hours to review the criteria to be used to process the electoral certificates and include them in the computer systems.

[Begin recording] [Unidentified reporter, in progress] ...Claudio Fermin?

[CSE President Isidro Morales Paul] We are not talking about....[pauses] We are simply talking about valid electoral certificates. Once these certificates are entered in the computer, we are going to get the results.

[Reporter] What about the certificates with problems?

[Morales] These are normal problems in a democratic system. Elections were held only three days ago, and you already have final results.

[Reporter] There are definitely going to be some nullified certificates that are not going to be entered in the final count, right?

[Morales] There are only a few certificates that are not going to be included. I would say there are fewer than 20.

[Reporter] What is the problem with those certificates?

[Morales] They have annulment problems as established by law. They were not signed and therefore cannot be valid. [end recording]

### Radical Cause Candidate Discusses Presidential Race

*PA0812165893 Caracas Radio Caracas Television Network in Spanish 1552 GMT 7 Dec 93*

[Interview with Andres Velasquez, governor of Bolivar State and Radical Cause presidential candidate, by unidentified announcers at the Radio Caracas Television studios in Caracas; from "The Observer" newscast—live]

[Excerpts] [Passage omitted] [Announcer] Mr. Velasquez, although you were busy on Election Day, you must have seen part of our coverage, which was entitled "Decision '93." Do you agree with the results of the poll?

[Velasquez] I certainly did, and I wholeheartedly agree with the poll. Today I have been visiting the media. I went to a couple of radio stations, and I felt the need to come to Radio Caracas Television to congratulate all of you for the great professional job performed on the "Decision '93" program. [passage omitted]

I want to thank the entire country, because, although I did not win the election—something I wanted and fought for; I did not come here to fight for second place—I did place second, and I have become the intermediary between the people and the government. I have become the leader of the opposition, as the people are saying in the streets. I want to say that I am going to continue being the same person, with the same simplicity and humility, the same determination to do things the right way, and the same passion for defending the truth above everything else.

[Announcer] Governor, now that the campaign and the elections are over, the commitment is to Venezuela. Radical Cause has become a major force. What commitment are you now going to make to Venezuela—not working now with Dr. Rafael Caldera, but with the new president of the country [as heard]. What sort of contribution is Radical Cause going to make?

[Velasquez] Our party is going to continue making the same—the exact same—contribution. We are going to continue working very hard to do things the right way, to fulfill our responsibilities, to continue working transparently, with all honesty [two-second break in reception] is not simply not stealing public funds, honesty also means making transparent decisions, not being two-faced, and not having cards hidden up one's sleeve. These are our principles. I would like to reiterate that with the amount of congressmen that we have we will make a contribution. We will support and applaud all government actions that are good for the people. At the same time we will guard and defend the people against any type of abuse coming from the national government. This is our position and our definitive contribution.

[Announcer] We have all seen that it is taking a long time for the tally sheets to arrive at the Supreme Electoral Council [CSE]. As we reported a few minutes ago, the latest CSE bulletin placed you in fourth place with 20.80 percent of the vote. This does not match the projections made on Election Day before the CSE had issued the first official bulletin. What do you think of fourth place, which the CSE claims you occupy?

[Velasquez] Do not be surprised if you see them ranking me below the witch doctor [reference to presidential candidate Nelson Abreu Duarte]. The CSE members are brazen enough to do this. I believe that what is deplorable is that in the middle of the election process it turns out that we do not have an electoral authority and that other sources outside of the CSE have to proclaim a candidate—any candidate who, on this occasion, is Dr. Rafael Caldera—and then all of a sudden the CSE itself grants authorization for the media to make an announcement based on their polls.

What is at stake? I have recognized the victory of Dr. Rafael Caldera. Our figures and the figures provided by others confirmed this. But what I am truly certain of is this: that Andres Velasquez placed second, close behind Dr. Caldera. Now, all of a sudden, I am being placed in fourth or fifth place. This indicates that we might be witnessing a vast manipulation of votes or a broad partisan agreement between representatives of parties on the CSE to try to minimize our party's advance, which many people are considering a victory in itself.

Of course, I am happy with what has been achieved. I wanted to place first, but I cannot dismiss or minimize this achievement because of shady deals that might be attempted at the CSE. In turn, I am calling on the electoral authorities. Tomorrow... [pauses] sorry, today we sent a document to the district attorney and tomorrow I will be meeting with the attorney general, because I do not want the Venezuelan people, in the wake of doubts and shadows already cast by the many irregularities of the electoral process, as well as all of us here to believe we are facing a huge fraud—not a fraud regarding first place, but regarding the remainder of the results of the electoral process.

I have asked the entire country, and particularly the polling station representatives and members of Radical Cause, to refuse to abandon the polling stations, to remain at the stations, and to count the presidential votes one by one and the votes for the legislative bodies one by one. This is because there might be an attempt at massive manipulation. This is a commitment I want to make to Venezuela: The legislative force we are going to have will enable us to promote a wide-ranging reform of the voting process. We do not want, ever again, to have our country go through this series of primitive and archaic steps that comprise our voting system. This should be a goal of all parties.

I want to end by thanking you all again, and congratulating Radio Caracas Television and all of its workers, including those of the "La Rochela" program—which I saw last night and which was an excellent parody. This program certainly portrayed the man on the street. Also, a merry Christmas to the people of Venezuela. I am going to take a rest. I am going to return to my governorship and will not be on your television screens any longer. Those who won will be on your screens instead. Merry Christmas to all of Venezuela.

## Roundup of Economic Developments 7 Dec

*PA0812155493*

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored by Panama Bureau through 7 December; source follows in parentheses after each item.

Deputy Development Minister Tomas Socias Lopez has said that between January and October of this year foreign investments in the country amounted to $279.8 million; of this amount $94.5 million came from Holland, $39.5 million from Italy, $33.8 million from the United States, and $21 million from Bermuda. The official has said that the foreign investments in the country demonstrate those countries' trust in Venezuela. He concluded that most foreign investments were devoted to the manufacturing industry with 51.3 percent, petrochemicals with 16.9 percent, and services with 13 percent. (Caracas EL GLOBO in Spanish 28 Nov 93 p 14)

The Central Bank of Venezuela has reported that during the third quarter of 1993, from July to September, the country's gross domestic product shrank by 1.6 percent; the bank has said that this is the result of a 3.3-percent drop in the production of goods and services that cannot be sold abroad, while the petroleum industry showed a slight 2.3-percent increase. The bank also reported a slight increase in the unemployment rate to 6.9 percent. (Caracas EL DIARIO DE CARACAS in Spanish 29 Nov 93 p 11)

Finance Minister Carlos Rafael Silva has stated that the 1.6-percent reduction in the gross domestic product is the result of the proximity of the elections. The finance minister explained that the expectations on the elections have slowed down economic activity. The minister has announced that Austria will invest in Venezuelan treasury bills. (Caracas Venezolana de Television Network in Spanish 2350 GMT 29 Nov 93)

Finance Minister Carlos Rafael Silva and Phillippe Kogler of Austria's Creditanstalt Bankverein signed on 29 November an accord to issue 1-billion Astrian schillings worth of treasury bills (approximately $83 million). Venezuela offered on 19 November its first issue of treasury bills on the Vienna Stock Market, resources that will be destined to meet 1993 budgetary needs. (Caracas EL GLOBO in Spanish 30 Nov 93 p 16)

The international reserves of the Central Bank of Venezuela totaled $12.399 billion at the end of November, a

1.4-percent reduction from October; this was due mainly to the greater demand for foreign currency associated with year-end purchases and the proximity of the electoral process. The bank said that despite the situation, reserves only shrank by $175 million. It should be noted that during the present year, the bank's international reserves have been reduced by $602 million. (Caracas EL NACIONAL in Spanish 1 Dec 93 p E-19)

Venezuela and Mexico have initiated export projects, through Mexico's Foreign Commerce Bank (Bancomext) and Venezuela's Andean Development Corporation and Mercantile Bank, to bolster commercial exchange, which currently totals $400 million. A Mexican bank official has said that the objective is to facilitate and offer financial support to businessmen from both nations as part of the Group of Three (G-3) initiative. The official explained that Bancomext established a $10-million credit line to support Mexican exports to Venezuela, while the Mercantile Bank created a $6-million line of credit to support Venezuelan exports. (Caracas EL NACIONAL in Spanish 1 Dec 93 p E-13)

Beginning the third quarter of 1994, Maraven will produce an annual volume of 1.6 billion-liters of unleaded gasoline for export to comply with the demands of the international market. Maraven refining manager said that this project represents annual investments of approximately $26 million and has an estimated cost of 5.5 billion bolivares. (Caracas EL GLOBO in Spanish 1 Dec 93 p 12)

Port of Maracaibo authorities have reported that in October nontraditional exports through the port reached 4,622 tonnes of cargo, most of which is cement destined for Aruba. The port manager explained that the decline in exports was the result of dollar fluctuations and the implementation of the value-added tax (VAT). Additionally, exports showed a slight decrease, going from 5,276 tonnes in September to 4,633 tonnes in October. (Caracas EL UNIVERSAL in Spanish 1 Dec 93 p 2-3)

The Central Bank of Venezuela has reported that by the end of November accumulated inflation in Venezuela totaled 40.9 percent. The bank set monthly inflation for November at 3.6 percent. By November of last year, accumulated inflation totaled 28.9 percent; this difference is explained, according to the bank, by VAT's going into effect. (Hamburg DPA in Spanish 1313 GMT 2 Dec 93)

Economists said on 2 December that 70 percent of the population is facing poverty. In 1985 poverty reached 40 percent of Venezuelans (6.6 percent faced extreme poverty), while today 70 percent of the population is poor (30 percent live under extreme poverty). According to the private consulting firm Agroplan, Venezuelans have suffered a reduction of their per capita caloric intake, which went from 2,600 calories in 1980 to 2,200 calories in 1991 (below daily minimum), while real wages have declined by 47 percent between 1984 and 1992. Economic experts have concluded that by the end of the year inflation will be at 42 percent; the balance of payments will have a $3-billion deficit, and the gross domestic product will fall by over 3 percent. (Paris AFP in Spanish 1737 GMT 2 Dec 93)

Hernan Anzola, coordination and planning minister, has said that abrupt macroeconomic growth is not positive if inflation is not stabilized. He predicted that there will not be economic growth this year, noting that in 1991 and 1992, the economy grew by 9.5 and 6.8 percent, while inflation rose by 30 percent. He stated that priority must be placed on defeating inflation. The minister announced the Mortgage Subsidy Law, which benefits 90,000 families that will be repealed. (Caracas EL UNIVERSAL in Spanish 3 Dec 93 p 2-10)

### Foreign Trade Institute Official Remarks on G-3 Agreement

*PA0812134993 Caracas Venezolana de Television Network in Spanish 2350 GMT 7 Dec 93*

[From "The News" newscast]

[Text] The Group of Three [G-3] agreement could become effective in the middle of next year and not in early 1994 as had been foreseen.

Miguel Rodriguez Mendoza, Foreign Trade Institute minister president, has said that on 4 December, during the last meeting held in Mexico, all of the aspects regarding the free trade agreement between Colombia, Venezuela, and Mexico were settled. It is a market that has a population of 145 million inhabitants and would offer 165 billion bolivares—over half of the trade of the Latin American and Caribbean countries.

He also said that all of the clauses will be carefully reviewed at a legal level until the first week of January, when the agreement will be signed by Presidents Salinas de Gortari of Mexico, Cesar Gaviria of Colombia, and Ramon Velasquez of Venezuela, with Venezuelan President-elect Rafael Caldera present.

The signing ceremony could be held in Caracas in the middle of January 1994.

Miguel Rodriguez Mendoza explained that the G-3 agreement's basic characteristic is that the total of the products will be liberalized over a term of 10 years, with two exceptions: The agricultural and automotive sectors.

[Begin Rodriguez recording, in progress] ...the automotive sector, in which, per an agreement reached by the presidents of the three countries, the elimination of the tariffs will be carried out setting off from the third year after the agreement has been signed, and using—in light of the existing realities in that sector in Mexico, Venezuela, and Colombia—a mechanism for compensating trade [mecanismo de comercio compensado]. [end recording]

Miguel Rodriguez Mendoza clarified that the G-3 has a clause for adherence, whereby the countries that would like to join the negotiations being held between Mexico, Colombia, and Venezuela may do so.